

The **NATIONAL UNDERWRITER**

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FIRE MARK

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SEPTEMBER 17, 1817

by

FIRE ASSOCIATION OF PHILADELPHIA

An Old Line Stock Fire, Marine and Automobile Insurance Company

HEAD OFFICE: PHILADELPHIA, PENNSYLVANIA

THURSDAY, AUGUST 31, 1939



*Where's
my
Daddy?*



Firemen's Insurance Company of Newark, N. J.
The Girard Fire & Marine Insurance Company
National-Ben Franklin Fire Insurance Company
The Concordia Fire Insurance Co. of Milwaukee

Milwaukee Mechanics' Insurance Company
Pittsburgh Underwriters • Keystone Underwriters
The Metropolitan Casualty Insurance Co. of N. Y.
Commercial Casualty Insurance Company

HOME OFFICE
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844 Rush St.
Chicago, Illinois

Southwestern Dept.
912 Commerce St.
Dallas, Texas

Canadian Dept.
461 Bay St.
Toronto, Ontario

Pacific Department
220 Bush St.
San Francisco, Calif.

FIRE • MARINE • CASUALTY • SURETY
Loyalty Group
INSURANCE

The NATIONAL UNDERWRITER

Forty-third Year—No. 35

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, AUGUST 31, 1939

\$4.00 Per Year, 20 Cents a Copy

Lloyds \$40,000,000 U. S. Fund Officially Announced

**City Bank Farmers Trust
Company of New York
Is the Trustee**

Official announcement is made this week of the creation of a \$40,000,000 trust fund in this country by London Lloyds. The fact that such a step was being taken was reported in THE NATIONAL UNDERWRITER last week. The official announcement was made by the New York law firm of Duncan & Mount, the primary representatives in this country of London Lloyds.

According to Duncan & Mount, the arrangement is being made "to prevent a European war from interfering" with the payment of American claims. A committee of Lloyds decided "to transfer jurisdiction" over American dollar premiums from trustees in England to the City Bank Farmers Trust Co. of New York as American trustee.

Got Ahead of Drop in Pound

It is stated that about \$28,000,000 of the fund will be in cash and the rest in U. S. government bonds. The cash has been on deposit in various banks in the United States.

Apparently the exchange was made at a time when the pound was quoted at \$4.68. If the transfer should be made today, on the basis of the depreciated pound, it would have cost London Lloyds several hundred thousand more pounds to have created the same dollar amount.

The creation of such a fund in the United States has been under discussion in London, at least since last May, it is understood. The British board of trade had been advised of the intention.

Other Deposits in U. S.

Whether this will be what might be termed a working fund or merely a standing guarantee was not stated in the announcement. Probably, however, unless there should be a war and complications should arise, premiums and loss payments will be handled as they always have been. That is, probably the fund will not be augmented by premium receipts, nor depleted by loss payments. The \$40,000,000 is entirely aside from the statutory deposit of \$3,500,000 of London Lloyds in Illinois and the \$350,000 in Kentucky. In those states the deposits are not drawn upon for loss payments. They merely stand in compliance with the requirements and as a guarantee.

Some observers are wondering whether the existence of such a trust fund in this country may not lead to Lloyds becoming regularly licensed in additional states in this country. Probably Lloyds has no such objective in mind. If Lloyds should become regularly licensed in the

British Companies' Plans to Protect the Employees

NEW YORK—United States representatives of British companies recently back from visits to their respective head offices in London, Liverpool or other insurance centers in Great Britain tell interestingly of the arrangements perfected for the safety of their employees and the preservation of all essential office records in the event of the outbreak of war.

While the staffs of all companies will be considerably depleted through the calling of many clerks to the colors and the volunteering of many women for service of various types, there will still remain a large number of employees to carry on necessary work, and for their protection every possible precaution has been taken to safeguard against death or injury resulting from bombing raids, if, as is anticipated, these will be attempted by Germany in case of war.

Shelters Are Provided

Shelters for the safety of employees have been provided in sub-basements of the great insurance office buildings, each employee being assigned a particular spot where he is to hide so long as the danger of bombing exists. Notice of the approach of bombers will be given by watchers on the roofs. Male clerks have been designated as guides for different purposes, their function being indicated by special color badges. At the sounding of a siren it is the duty of the guides to take station at assigned posts and see that all employees are hurried to shelter rooms. For the aid of any who through excitement or other cause might falter in the exits, nurses will be on hand to give prompt aid. All shelter rooms are electrically lighted, containing chairs and other conveniences, occupants being supplied each with gas masks. All employees have been furnished a leaflet de-

tailing action to be taken, and drills to make certain the instructions are thoroughly understood, are being held.

For the protection of all essential records, underwriting and financial, at least six photostatic copies of each have been taken, and in case of need will be promptly dispatched to branch offices in different sections and in some instances to the homes of the chief executives. Appreciating that London would in all probability be the center of an air attack many companies have arranged for working quarters for the staffs some distance out of the city; engaging for the purpose large homes or apartment houses.

The Prudential, one of the largest underwriting institutions in the world, tried to rent two hotels in Wales, for the accommodation of its 1,500 female employees, only to discover the properties were requisitioned by the government. How to solve satisfactorily the employee housing problem is not the least of the issues confronting company officials.

Government Assumes War Risks

War risk coverage is assumed by the government; no private carrier being willing to accept it. It is figured such indemnity will be carried on under the same arrangement that existed during the crisis some months ago when the underwriting was left to the companies, the liability being automatically assumed by the government, which allowed the companies 15 percent of the premiums to cover expenses. One company, the Eagle Star, confident that the ominous war cloud at the time, would prove no more than a threat, accepted war risks direct, and reputedly made a lot of money because of its courage or foresight.

is said to exceed the annual losses of Lloyds in this country.

New Commissioner for New Mexico Is Named

SANTA FE, N. M.—Robert Valdez, chairman state corporation commission, announces the resignation of Insurance Superintendent George M. Biel and the appointment of R. F. Apodaca of Las Cruces to the post. Mr. Biel will return to private business in Albuquerque. Mr. Apodaca submitted his resignation as Dona Ana county commissioner for the second district. Mr. Biel has been insurance superintendent 4½ years. He was formerly an accountant and insurance agent.

Mr. Biel has resigned to assume an important connection with the Pioneer Mutual Compensation Co. which was organized four years ago in Santa Fe and recently moved to Albuquerque. This company has started recently writing trucking and allied lines as well as compensation business. L. Simpson is president. The company operates only in New Mexico.

Blue Goose Reaches New Membership Peak, Hukill Says

**Great Flapping of Wings
Is Heard in Rice
Fields of Cincinnati**

By GEORGE WOHLGEMUTH

CINCINNATI—A membership total of 7,230, only 110 short of the peak year of 1931, was reported by Most Loyal Grand Gander R. W. Hukill, Great American, Norwood, O., at the annual meeting of the Blue Goose grand nest, the first to be held in Ohio. Mr. Hukill urged that the ponds appoint dues committees in order to keep members paid up and remove some of the burden from the wielder. The net membership gain of 243 for the year is one of the largest in history.

Mr. Hukill made a number of recommendations in his report. He asked that the grand nest officers be authorized to prepare a framed certificate of membership which would be presented to each newly elected and initiated gander and would be also available to present members, the ponds ordering these in the same fashion that the membership pins are handled.

Puddles in Large Cities

Pond officers were urged to memorize the ritual, paying particular attention to the appointment of two members to give the obligation and the charge. Serious thought should be given to the organization of puddles or luncheon tables in the larger cities and towns, the idea working successfully at present time in a number of cities. There is a tendency to place fieldmen and supervisors in such cities and do away with centralized supervision from one city. Mr. Hukill expressed his appreciation to Past Most Loyal Grand Gander H. V. Myers, Security of New Haven, Waterloo, Ia., for his work in preparing a history of the Blue Goose.

The Alamo pond, Mr. Hukill said, would receive the membership cup awarded annually to the pond having the greatest percentage of increase in membership.

Growth, he said, would be furthered by some charitable activity of the pond.

Mr. Hukill recommended that the annual bulletin of the grand nest be continued.

An executive session of grand nest officers was held Monday. In the evening, a Dutch treat dinner was held for the grand nest and Ohio pond officers and the grand nest committee chairman.

Shift in Geographical Location

One of the interesting features in the official personnel of the grand nest officers is the fact that two started up the line as field men in their respective jurisdictions in order to give representation

(CONTINUED ON PAGE 24)

Service Men's Group Changes Its Name and Scope

Boston Enterprise Is Now Associated Insurance Agents & Brokers, Inc.

The interests affiliated with the Service Men's Protective Association have organized a new association known as the Associated Insurance Agents & Brokers, Inc.

The Service Men's Protective Association was an organization generally representing all business, and to which those engaged in any kind of business were eligible for membership.

The new project is an organization similar to the Service Men's Protective Association, confining its membership to those engaged in the insurance business



HARVEY R. PRESTON

and limiting such membership to agents and brokers and their employees.

The Associated Insurance Agents & Brokers will cooperate with all other business in acquainting the public with the dangers to the economic system from the elimination of the profit motive in business and the unfair conditions and laws which are eliminating the middleman from all business, including insurance.

Activities Are Outlined

The activities of the new organization will, in addition to defending the rights of the agent, broker, and their employees, and the profit motive in business, concern itself with the analysis of other questions. For example, it intends to analyze the protection given by the policies of the direct-writing mutual companies from new angles. It will define the alleged discriminations given to direct-writers generally throughout statutes and departmental regulations. It will outline in detail the alleged illegality and the unfairness of the raiding of agents' and brokers' business through the payment of discriminatory dividends. It will go into the entire problem of direct writing and its relation to the agent and broker. It will, step by step, take up all of the various problems connected with the co-operative movement to eliminate the middleman.

The new association announces that it will be constructive in its activities and will suggest a remedy for each existing evil or abuse.

The directors include the eight present

FIRE COMPANY STATEMENTS

(Report as of June 30, to Georgia Insurance department)

	STOCK		First Six Months 1939	
	Capital or Deposit	Assets	Income	Disburse.
Aetna Fire	\$ 7,500,000	\$52,690,041	\$17,396,759	\$12,407,999
American Alliance	3,000,000	8,560,437	3,327,716	1,212,871
American Automobile	2,000,000	24,520,750		1,190,961
American General, Tex.	500,000	2,228,351	508,128	748,030
Automobile Co.	5,000,000	26,211,457	8,420,037	6,897,699
Buffalo (U. S. Br.)	1,000,000	6,964,531	2,290,345	1,225,963
Caledonian	845,000	3,466,752	1,785,081	821,431
Central, Md.	1,000,000	4,110,324	1,808,533	593,712
Commercial, Ga.	100,000	139,367	6,187	30,867
Concordia	1,000,000	4,485,223	1,676,658	838,207
Girard F. & M.	1,000,000	4,794,889	1,449,585	827,606
Hanover	4,000,000	15,154,534	4,758,613	3,091,865
London & Scottish	200,000	1,533,950	956,339	208,692
Mass. F. & M.	1,000,000	2,566,466	1,020,917	292,667
Millers National	1,000,000	6,743,774	2,716,401	1,853,355
Milwaukee Mechanics	2,000,000	11,015,548	4,115,813	2,302,908
Northern, N. Y.	1,000,000	11,834,035	5,136,090	2,801,918
Phoenix, Ct.	6,000,000	61,301,658	39,733,762	5,335,671
Rochester American	1,000,000	3,828,195	1,839,374	505,895
Security, Ct.	2,000,000	11,759,346	3,858,484	2,245,483
Standard, Conn.	1,000,000	5,660,391	2,163,583	1,089,252
Standard, N. Y.	1,500,000	6,409,424	3,170,716	979,449
Sun	550,000	6,751,495	2,503,676	1,770,464
Sun Ind., N. Y.	600,000	1,613,129	476,040	259,977
Travelers Fire	2,000,000	26,517,730	5,828,713	7,089,770
MUTUALS AND RECIPROCAL				
Fitchburg Mutual		706,094	174,929	273,722
Hardw. Deal'rs Mut., Fla.		8,063,642	3,410,726	2,562,649
Lumbermen's Und. All.		2,375,439	1,555,576	664,271
Minnesota Implement		6,799,152	1,849,801	2,728,329

members of the advisory board of the Service Men's Protective Association, together with four new names. The board will be made up of Reginald A. Benting, Frederic C. Church, Edwin J. Cole, Arthur D. Cronin, Jeremiah J. Healy, Herbert A. Kneeland, Dana J. Lowd, Harry E. Moore, Edward L. Murphy, C. Conrad Parker, Harvey R. Preston, George B. Proctor.

Preston Elected President

Mr. Preston has been elected president. He is, at the present, president of the Service Men's Protective Association and the Massachusetts Association of Insurance Agents. Alfred N. Miner is at present treasurer of the Service Men's Protective Association and has been elected treasurer of the Associated Insurance Agents & Brokers. Louis H. Hoffmann has been elected clerk, and he

is at present clerk of the Service Men's Protective Association.

Harold P. Janisch, the present executive advisor of the S. M. P. A., will be the general manager of the A. I. A. & B.

Coverage for CCC Loans

Question—While I am not a farm agent I was interested in your article on the Commodity Credit Corporation final action on corn insurance after the officials at Washington seemed adamant, but finally agreed to continue the old plan of private insurance at 40 cents instead of 75 cents. Can you tell me whether the coverage is anything but fire?

Answer—The certificate that has been used in writing the CCC insurance will be continued. It covers fire, lightning, windstorm and hail.

THIS WEEK IN INSURANCE

London Lloyds officially announces the creation of a \$40,000,000 trust fund in this country to prevent a European war from interfering with the payment of American claims. **Page 1**

Preparations made by English companies to protect their employees and records in case of war. **Page 1**

Grand nest of the Blue Goose holds its annual meeting in Cincinnati. **Page 1**

Additional features of the annual meeting of the National Association of Insurance Agents at Boston the week of Oct. 2 are announced. **Page 3**

President Neslen of National Association of Insurance Commissioners holds a conference with a group of New England commissioners in Boston and then proceeds to Memphis for a similar meeting with a group of southern commissioners. **Page 3**

Paramount Fire of New York, about which a controversy has centered for the past several months, has issued a declaration of principles. **Page 4**

Utah agents condemn underwriters annexes, elect Clyde Fowles of Ogden president at annual convention held in Salt Lake City. **Page 2**

Service Men's Protective Association of Boston changes its scope of activities and is rechristened as the Associated Insurance Agents & Brokers, Inc. **Page 2**

Annual meeting of Idaho Association of Insurance Agents is held at Sun Valley and Donald L. Rogers of Wallace is elected as the new president. **Page 4**

Cecil Bon of Casper is reelected president of the Wyoming Association of Insurance Agents at the annual meeting in Rock Springs. **Page 5**

Fred R. Lannagan of Denver, president American Association of Insurance General Agents, in his address before the Wyoming Association of Insurance Agents, comments on some of the current problems. **Page 3**

H. D. McNairn, insurance superintendent of Ontario, is elected president of the Association of Insurance Superintendents of the Provinces of Canada. **Page 5**

R. F. Apodaca of Las Cruces has been appointed insurance commissioner of New Mexico succeeding George M. Biel. **Page 1**

Annual meeting of the Federation of Insurance Counsel is held at the Westchester Country Club, Rye, N. Y. **Page 15**

International Association of Insurance Counsel is holding its annual meeting at Hot Springs, Va. **Page 17**

A. D. Christian of Richmond gives a comprehensive statement of the issues involved in the Virginia countersignature suit, in a paper presented at the annual meeting of the International Association of Insurance Counsel. **Page 5**

Mutual companies take steps looking toward the issuance of automobile medical expense payments coverage for the benefit of pedestrians as well as occupants of the insured car. **Page 17**

Superintendent Pink of New York announces reduction in automobile liability insurance rates for private passenger cars and also providing for a continuation of the preferred risk rating plan. **Page 17**

Insurance Superintendent L. H. Pink of New York discusses the various methods proposed for public liability and property damage insurance on automobiles. **Page 15**

Program is announced for the annual meeting of the International Claim Association. **Page 17**

Report is made of the regular triennial convention examination of the Pacific Mutual Life. **Page 18**

B. K. Campbell of Seattle speaks before the Idaho agents, telling about some of the very important recent changes in the casualty business. **Page 15**

Ray Murphy, assistant general manager Association of Casualty & Surety Executives, speaks before the International Association of Insurance Counsel on the test of compulsory automobile liability insurance in Massachusetts. **Page 16**

Casualty and surety premiums by companies for the first six months as compared with the similar period last year. **Page 23**

Several changes are made in the Pacific Coast department of Atlas upon the retirement of Secretary A. J. Penfield. **Page 28**

Program for the annual meeting of the Colorado Association of Insurance Agents to be held in Denver is announced. **Page 20**

Utah Agents Take Steps to Eliminate Annexes There

Clyde Fowles Elected President at Convention in Salt Lake City

OFFICERS ELECTED

President—Clyde R. Fowles, Ogden, manager Wasatch Insurance & Investment.

Vice-president—Jay A. Rogers, Salt Lake, Rogers-Evans Company.

Secretary-treasurer—Carl Gaskell, Ogden, Moon Insurance Agency.

SALT LAKE CITY—A resolution condemning the operation by a parent company of an "underwriters" annex was unanimously adopted by the Utah Fire & Casualty Insurers Association at the annual meeting here. The resolution was submitted by the Far West Conference of National Councillors, as agreed on at a conference held here in April.

The states included in the Far West territory are Arizona, California, Colorado, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington and Wyoming.

"There are sufficient companies operating in this territory to service all legitimate requirements," the resolution stated. "The operation of such a system as 'Underwriters' is undesirable and prejudicial to the insurance business, and creates many evils inimical and opposed to the best interest of the business." It was recommended and urged upon the managers of the Far West territory that as soon as possible, they retire all underwriters annexes from operation.

Change Utah Committee Setup

Another resolution that was unanimously adopted recommended a change in the Utah committee. The committee as it formerly stood, is composed of three members, each elected for three years, one each from the Salt Lake association, Ogden group, and Utah association membership at large, excluding Salt Lake and Ogden members. It was felt the three year term was too long, and the method of selection wrong. Hereafter, through a change in state association by-laws, the committee will comprise three members, each to be elected at the annual meeting from the state at large for a term of two years. The two members elected a year ago, it was agreed will be allowed to serve until their terms expire.

H. O. Snow was resolutions committee chairman.

Mr. Fowles as president succeeds N. L. Herrick, Salt Lake, manager Gaddis Insurance & Investment Company. Mr. Fowles has been vice-president for the last year. Mr. Gaskell succeeds W. M. Anderson, Salt Lake, Keyser Realty Company.

Other Officials Elected

Others elected were: Member Utah committee, H. O. Snow, Salt Lake; national councillor, Denzil Brown, Provo; executive committee, E. D. Amott, O. E. Vombaur, both of Salt Lake; Con Bohn, Ogden; Edwin Stein, Provo; state at large, Norman Lee, Brigham City.

There were 86 present at the first morning session, and many more attended in the afternoon. Deputy Commissioner C. N. Otteson welcomed the delegates, outlining department work and problems confronted. He reported

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Group Sessions at National Meeting to Be Interesting

Program Is Being Developed for the Forthcoming Boston Convention

NEW YORK—Leaders for the round table discussions during and following the Tuesday luncheon, Oct 3, at Boston, as announced at National Association of Insurance Agents headquarters this week, are James M. Crosby, Jr., Grand Rapids, Mich.; Ed. H. Moore, Birmingham; D. G. Foreman, Fort Worth; A. R. Menard, New York City; Eugene Battles, Los Angeles; W. H. Jennings, Jr., Rockford, Ill.; L. P. McCord, Jacksonville, Fla., and W. T. Reed, Jr., Washington, D. C.

Mr. Crosby, chairman of the National association's membership committee, will lead a discussion of membership at his table. Mr. Moore will take up "State association voluntary secretary-treasurers," which office he holds with the Alabama association. "Dues Collection Methods" will be discussed at the table over which Mr. Foreman will preside.

A. R. Menard Will Give Review

Mr. Menard, director of the Business Development Office, plans to review the objectives of his organization, and Mr. Battles, prominent California and National association leader, will discuss "Training Prospective State Association Leaders." "Mid-year Meetings of State Associations and State Convention Programs," will be the topic at Mr. Jennings' table, with Mr. McCord, dean of the Florida association's short course school of insurance, taking up "State Educational Programs." Mr. Reed, assistant counsel of the Washington office of the National association, will talk over the work of his office and how it can be used by the membership to better advantage.

The complete program for the Group 2 local board conference, over which A. B. Millard of Grand Rapids will preside, has been announced. His session, which is for cities of population between

(CONTINUED ON PAGE 30)

General Agents' President Comments on Some Issues

Fred R. Lanagan, president of the Daily general agency of Denver and president of the American Association of Insurance General Agents, referred to the growth of the consumer cooperative movement in his address before the Wyoming Association of Insurance Agents. He finds it difficult to understand how some business men, who are directly dependent on profits for their living, who are themselves middlemen and who oppose in every way the cooperative idea as applied to the business in which they are engaged, can with consistency purchase cooperative insurance. He claims that mutual insurance was the father of all cooperative movements. He is convinced that many business men have tied themselves with the cooperatives without realizing their harm to the general economic structure. Therefore, he advocated an intensive campaign of education.

Agents Must Render Real Service

Merely educating the insurance buyer to the evils of the cooperative system, he declared, is not enough. The middleman or agent is under attack and many buyers believe they are called on to pay too high a price for the economic service performed. Hence they turn to that which promises equal service at less cost. It, therefore, behooves the agent, he said, to see that the service rendered is of first quality. He asserted that unfortunately there are too many agencies that are not equipped or efficiently versed in the intricacies of insurance to do more than handle the simplest coverages and who are always demanding the service of special agents and company specialists to do the work for them. Therefore, some insurance buyers, he said, and particularly on the larger lines, turn to a market for insurance that can offer them lower rates that are not loaded with acquisition cost items. This market is afforded by the non-stock companies, some branch offices, non-association companies, non-admitted companies and, in many cases, by company pools.

Company Pools

He referred to the fact that the American Association of Insurance General Agents passed a resolution protesting against the extension of the company pool movement. He said, "We believe that the agents having been given a franchise to handle and conduct

their business in a certain defined territory, it is not proper for the same companies which we represent to come into the same territory and through other instrumentalities with weapons not available to us, expropriate the choicest business and remove it from competition so far as we are concerned." The pooling of interests in some instances, he acknowledged, is perhaps necessary. Where they are used for competitive purposes, using rates and forms which are not available to the local or general agent except through the pool, they take it out of the competitive field for the local and general agent. The general agents, he said, regret the proposal of a pool for handling insurance on public properties.

Opposing entry by the government into business, he said the general agents also oppose any trends in business which carry similar dangers to that wholesome, individualistic ambition by and through which the United States has produced such wealth and happiness for the majority of the people. Mr. Lanagan said there must be some other solution rather than a pool wherein the agents themselves will be equipped with the proper tools to meet present day competition and below which no company will dare go.

Countersignature Commissions

In referring to countersigning commissions, he said that all policies should be countersigned by a resident licensed agent of the state in which the property is located. The remuneration, however, or so-called countersigning commission, in his opinion, should not be so high as to force the producing and servicing agent to seek its avoidance through countersignature by resident salaried employees placing the line with a company which will wink at the rules and pay both the full commission to the producing agent as well as the countersigning commission and thus adding just so much to the expense item in the rate or by placing the business in non-admitted carriers.

Mr. Lanagan said that while the commission paid for countersignature is usually a matter of private contract between agents, generally arranged through the carrying companies, he believes that at this time 5 percent is considered the usual fee. This is too little, in his opinion, where the premium is

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Neslen Meets with New England, Southern Members

Attends Parley of Commissioners in Boston, Another in Memphis

Several of the New England commissioners including Blackall of Connecticut, Lovejoy of Maine, Rouillard of New Hampshire, Morin of Rhode Island and Harrington, Massachusetts, held a conference in Boston the other day with C. C. Neslen of Utah, president of the National Association of Insurance Commissioners. Mr. Neslen a few days later held a conference in Memphis with a group of southern commissioners.

Much of the time in the Boston conference was devoted to discussion of accident and health insurance matters. On the same day that the group was meeting in Boston, Harrington of Massachusetts took steps looking toward rehabilitation of Massachusetts Accident.

The commissioners felt that a study should be made of the claim settlement situation in the accident and health field. Some of the group feel that there are too many complaints in connection with claim handling. Blackall of Connecticut asserted that much trouble could be avoided if the companies would secure more detailed information at the time of taking application.

Recommend National Action

The group felt that a greater degree of standardization of policy forms, especially insofar as limited coverage contracts are concerned, is desirable. The New England commissioners decided to recommend that the National Association of Insurance Commissioners appoint a special committee to give study to this matter.

The New England group decided that it would be desirable to have a uniform policy with reference to the method of valuing real estate holdings for annual statement purposes. Blackall of Connecticut said that such uniformity is now especially desirable in view of the fact that the convention examination proced-

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LEADERS AT BLUE GOOSE GRAND NEST RALLY



BEN S. McKEEL, New York
Grand Custodian of Goslings



C. J. MALCOLM, Toronto
Grand Guardian of the Nest



H. A. REYNOLDS, San Francisco
Grand Keeper Golden Goose Egg



B. A. KENZEL, Milwaukee
Grand Wielder of Goose Quill

Paramount Fire Issues Declaration of Principles

Organization, About Which Controversy Has Centered, Tells Its Story

DALLAS—During the past year there have been many rumors afloat concerning the Paramount Fire organization and operation plans, its connection with loan agents and mortgage bankers, controversies between agents and agents' organizations, competition, etc.

The company has now been organized, has been licensed in New York and is doing business there. On the eve of its beginning of actual writing in several other states, definite and authoritative announcements are made in which it may be said the company has laid down what might be termed a "declaration of principles" as well as answers to operation policies.

Briefly they are:

Paramount Fire is an insurance company, not a loan concern. It is going to write insurance, not mortgage liens.

It is a bona fide stock company which will operate strictly under board rules and regulations.

Will Write at Fixed Rates

It is not a cut-rate outfit but will write at rates fixed by rating authorities in states where it operates.

It has no connection with any organization of loan agents or mortgage bankers. Some loan agents and mortgage bankers who are also regular, orthodox insurance agents will represent it in solicitation of business on an ethical basis.

So far as Paramount itself is concerned, it has not entered into any controversy with agents or agents' organizations anywhere.

It believes in agents' organizations and the agency system and expects to require all its agents where there are agency organizations to be aligned with them. It wants to aid the agency organizations in their fights on unethical practices, cut-rate competition and other evils.

Policy of Selection

It wants to show an underwriting profit from the beginning. To do that, it proposes to select risks and agents carefully. Actual experience of all companies over a period of years shows property on which mortgage concerns have liens are among the best risks in the nation. Naturally, the company wants as much of that business as possible, although it will not restrict in any way its business to property against which there are mortgages.

It does not want and will discourage any business obtained through coercive methods.

It will not, so far as it is able, permit its agents to use such methods in efforts to obtain business. It holds the opinion that the property owner has the right to select his own agent and insurer. At the same time it contends that it has the right to write business anywhere in any state, if and when it is licensed. It has the right to prescribe the qualifications of its agents, a right it accords agents' organization in connection with selecting its members.

The stockholders are scattered throughout the United States. Contrary to ideas prevailing at some points, mortgage bankers, while owning a considerable portion of the stock, do not own it all. Business will not be confined to writing risks on which such persons may have liens. All agents of the company are

Costliest Storm Hits Missouri

What appears to have been the most expensive storm of the year in the middle western territory for insurance companies struck the other day, causing the heaviest damage in Joplin, Carthage, Carterville and Webb City, Mo. These same cities were involved in a storm April 15. It is now estimated that the new storm will cost the insurance companies some \$500,000. Heavy wind was accompanied by hail of large dimensions, some of the stones measuring 11 inches in circumference.

Dispatches 50 Men

Western Adjustment has some 50 men working in the storm territory. In addition to the Missouri towns, the storm did considerable damage in Mt. Olive, Ill. At the same time there was a heavy rain storm in St. Louis that caused some flood losses, for which there is no liability, but which require visits from the adjusters.

Until the time of this latest storm, it is estimated that insurance losses in storms throughout the middle western territory had amounted to about \$900,000.

Apparently the farm departments suffered little from the storm in Missouri, because very little hail insurance is carried by farmers in that state. In Missouri the farm windstorm policy does not include coverage against damage by hail and it was hail that was chiefly responsible for the losses in the Missouri storm.

stockholders, and with one or two minor exceptions, every stockholder is an agent. The fact is the agents own the company.

The agents are bona fide underwriters, not part-time men. They, where there are local organizations, like officers of the company, are aligned with such organizations as well as the state and national associations.

The company will pay no excess commissions, but in addition to the regular standard commissions prevailing in the various states where it operates, the agents will receive dividends as earned, on the stock they own, just as they would on any other stock they may have purchased.

It was learned from an authoritative source that Paramount will be writing business in 20 to 25 states before the snow flies. The proposed agency organization in those states are complete. Application for licenses are pending in several states and permits have been granted in some. Other permits are expected daily.

The Paramount organization had its inception in the mind of Owen M. Murray, Dallas insurance man and mortgage banker for 30 years. At first it was proposed to organize the company in Texas. However, the organization idea grew and soon became a nationwide proposition. Mr. Murray was not opposed to seeing his child develop immediately into a grownup. The local organization plan was dropped and the company organized nationally on the usual plan, with a newer idea of all agents being stockholders.

Situations in Texas Cities

While no mention was made of alleged "situations" at San Antonio and Houston, said to have developed as a result of differences of opinions of local exchanges and mortgage bankers in those cities who own stock in Paramount, it is evident Paramount plans to stay clear of such "situations." Its agency plans for Texas are reported complete and they do not include any plants in either city. The information gained is it will not have agents in those cities, or any other cities where agency factions are divided over its writing plans until such controversies are cleared up. Paramount, it is reliably reported, not only will not write business in Houston

Elected Secretary



MERL L. ROUSE

Announcement is made that Merl L. Rouse has been elected a secretary of Inter-Ocean Reinsurance.

Mr. Rouse has been with Inter-Ocean since 1928. About five years of this time were spent in the home office and the balance with the eastern department in New York, which is in charge of Alonzo Church, vice president. Since 1936 Mr. Rouse has been an assistant secretary.

and San Antonio at present, but will accept no business from those cities.

There are varied reports dealing with the alleged difference of opinions between agency factions in the south Texas cities. The most reliable is that they involve membership in the local exchanges and question of exchange members being agents for Paramount, even to the extent of writing personally owned property of Paramount stockholders in that company.

Loan Agents Are Barred

Both the San Antonio and Houston exchanges in prescribing qualifications for membership, bar loan agents, claiming that these men are not bona fide insurance men, but rather are loan men who are writing business on property on which they place loans for some mortgage company, and by that, getting commissions which should come to the orthodox underwriter.

The loan agents want to affiliate with the exchanges, it is said. Both factions are standing pat.

Organizes Non-Board Agency

It is reported that in San Antonio a mortgage broker who owns outright property on which annual premiums amount to \$20,000, and who owns stock in Paramount, told the exchange he wanted his business handled by exchange members as in the past, but was insisting that it be written in his own company. It is reported the exchange refused to accede to his demand and as a result this mortgage man has organized an insurance agency in his own business—a non-board agency—which will not only write the business on his own property, but such of the property on which he has loans as can be thrown to it. The reports are that the annual premium income on that kind of property is about \$35,000. But under the present setup the stockholder in Paramount will be unable to place his business in that company.

In Houston it is reported about the same situation obtains as in San Antonio. Reports from Houston are to the effect that some of the mortgage bankers there are planning to plant non-board agencies in their office to handle their own property and as much of that as they can control among clients in the loan business. It is reported the mort-

Idaho Agents Elect D. L. Rogers as New President

Association Is Sectionalized—Splendid Program Is Given at Sun Valley

SUN VALLEY, IDA.—Members of the Idaho Agents Association at their annual convention here elected Donald L. Rogers, manager of the Rossi Insurance & Investment Company, Wallace, as their president for the ensuing year to succeed R. S. Campbell of Dollard, Perrault & Campbell Agency, Boise.

Under the new plan in the official family there were elected three regional vice-presidents, Fred Ensign of the Ensign & Ensign agency, Boise, as vice-president of the central district, Harry R. Harn of Dubois as vice-president supervising the southeastern district and Harry Walrath as vice-president in charge of the northern area. Mr. Walrath is a member of the Mix-Walrath agency of Orfino.

Oscar Nelson Secretary

Oscar Nelson of the Gridley Investment Company, Coeur d'Alene, was elected as secretary, and Homer Lipps was reelected as national councillor. Three new members were added to the executive committee, Ralph Perkins, Lewiston; Arthur Koster, Idaho Falls, and Wray Farmin, Sand Point and Wallace.

The balance of the executive committee is composed of A. B. Chase, Pocatello; Harold Cornelison, Moscow; V. E. Graves, Caldwell; Clarke Heiss, Jerome; A. V. Larter, Idaho Falls, and Wanek Stein, Boise. Nominations were made by a committee comprised of Lawrence Gridley, Amos Chase and Wanek Stein. Resolutions were drafted by Homer Lipps, Harry Harn and Wray Farmin.

Qualification of Agents

The committee headed by Fred Ensign reported that there are 1,587 licensed agents in Idaho, about one-half of which were characterized as unqualified. He is seeking to have these appointments reduced by having companies requested to cancel certain licenses. In this connection, Insurance Director Walrath promised the support of his office. He intimated that his department would be favorable to following the plan of Superintendent Lloyd of Ohio if he had the unanimous support of the insurance fraternity. Director Walrath also brought out the fact that the present brokers law only defined a fire insurance broker, that under the countersigning law an agent of Idaho had to receive the full commission on any business located within the state.

R. L. Countryman, Norwich Union, president of the Pacific Board, member of the Idaho advisory committee, gave a paper explaining the organization of the board, its purposes, methods of committee government, rate and form de-

(CONTINUED ON PAGE 24)

gage men in Houston control about \$155,000 annual premiums.

APPLICATIONS IN OKLAHOMA

OKLAHOMA CITY—Paramount Fire has applied for admission into Oklahoma. Commissioner Read is looking over the papers preparatory to taking action some time this week.

Paramount Fire was recently licensed in Missouri and Indiana.

Countersignature Issue Is Treated Comprehensively

A. D. Christian Articulates the Issues Involved and Sketches Background

HOT SPRINGS, VA.—Andrew D. Christian of Richmond, in addressing the meeting here of the International Association of Insurance Counsel, gave an extensive statement of the issues involved in the important case brought by the member companies of the Association of Casualty & Surety Executives testing the validity of the Virginia countersignature law. Mr. Christian is of counsel for the companies in this undertaking. He related the Virginia situation to that existing in other states and



A. D. CHRISTIAN

traced the various theories and circumstances that led to the joining of the issue.

One of the interesting assertions made by Mr. Christian was that countersignature laws had their genesis in the fire insurance field and in the earlier days could be supported on the ground that the fire companies granted territory exclusively to one agent and because there was greater need in those days to procure descriptions and ratings of risks from persons in the immediate vicinity. "The custom has perhaps continued because of both inertia and influence of the powerful agents organizations," Mr. Christian declared.

Extended to Casualty Field

The countersignature requirements have been extended to the casualty field, but he expressed the belief that they do not have a valid place there. The casualty companies, he said, ordinarily do not grant territory exclusively to one agent. Usually the agent who produces the contract covering in a state other than his own and the salaried personnel of the company do all that needs to be done incidental to the making and servicing of the contract and that agent alone received a commission. Accordingly there have been no interested agents available in the coverage state to furnish any countersignature required by its laws.

Under the old style countersignature laws neither the out of state producers nor the companies have been disturbed because the necessary countersignatures

Changes Made in Basis of Rain Insurance

Several changes have been made in the rain insurance policies by companies writing that line. Such policies may now be issued on the basis of 5/100ths of an inch at a 30 percent increase in the basic 1/10 inch rates for forms A, C, E and F. Form D may be written for 5/100ths of an inch, at an increase of 62½ percent in the basic 1/10 inch rate. This represents a 30 percent increase over the usual 25 percent charge for the use of this form.

Form B, which formerly could only be written for the hazard of no specific measurement of rainfall, may now be written for 5/100ths, 1/10 or 2/10 at the basic 5/100ths, 1/10 or 2/10 inch rates.

This change does not apply to California, Washington or Oregon.

The writing of rain insurance for the hazards of 5/100ths of an inch gives a rainfall cover between that of no specific measurement and 1/10 of an inch.

Most Written on Forms A and D

Home of New York observes that 90 percent of the rain insurance that is written is confined to forms A and D.

Form A can be used to cover any event that anticipates an income, the amount of insurance being based upon previous experience as to the sources of income insured. The insurer's liability is the difference between actual receipts and the amount of insurance should rainfall occur during the period of time insured at the designated rain gauge. It is necessary that 100 percent of insurance to anticipated income be carried.

Form D covers any indoor or outdoor event. It is a fixed and agreed amount form, paying fully in the event the named precipitation in policy occurs during the hours insured, at the designated weather bureau. A rain reading from a government gauge is mandatory. The amount of insurance permitted cannot exceed 60 percent of the prior experience and on new events the amount of insurance is limited to actual expenses involved.

Form B is an abandonment coverage, covering events that do not anticipate an income, but possess a well defined insurable interest as to expenses which would be lost to the promoter should the event be abandoned by reason of rainfall.

Form C is designed for state, county and city fairs and running horse races only.

Form E is designed to protect the advance sale of reserve seat tickets.

Form F is issued in the protection of advertising space for publishers of newspapers, etc.

have been procurable without expense or the companies have procured them without cost, from salaried employees that are licensed as agents, or at a nominal cost from non-salaried agents.

Mr. Christian pointed out that in the past few years the portion of insurance in a state which comes into being by contracts negotiated and made outside of the state has been increasing. This is due to the development of the holding company and chains of operating units under one management and the improved facilities for communication and transportation.

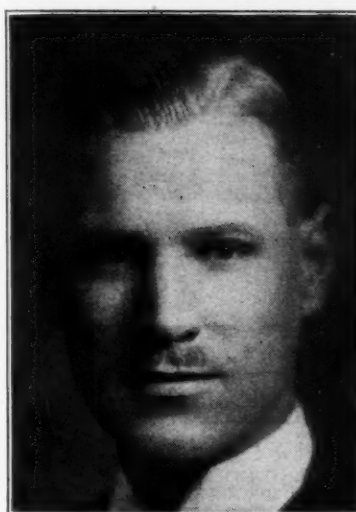
Premium Flow Out of Balance

The premium on contracts covering in other states than state where negotiated and made, tends to be greater in the state containing large centers of capital. So, except in a few states, the premium on contracts made therein but covering elsewhere tends to be less than the premium on contracts covering therein but negotiated and made elsewhere.

The speaker pointed out that there has

(CONTINUED ON PAGE 20)

McNairn Made President of Canadian Officials



H. D. MCNAIRN

At the annual meeting of the Association of Superintendents of Insurance of the Provinces of Canada, H. D. McNairn of Ontario was elected president; E. B. MacLachy of New Brunswick, vice-president, and W. E. McLean of Manitoba, secretary and treasurer. The convention next year will be held at Saskatoon, Sask., some time in September.

Commissioner Emery of Michigan in his talk before the Canadian commissioners said that on April 1, every year, his state issues some 75,000 licenses to agents to write insurance. He considers this number about twice as large as it should be. He is inclined to the belief that far more rigid standards should be set up for applicants.

He referred to the large amounts of real estate outside of home office buildings now owned by life companies due to foreclosure of mortgages. He urged that officials be very earnest in reducing that investment item. He said that he finds that the fine, easy going companies are those that have a small percentage of that type of assets.

Mr. McNairn has served as secretary of the organization. He became Ontario superintendent in 1935 after practicing law for a few years. He has made an excellent record in his office.

Honor W. M. Shaw's 50 Years with Phoenix of Hartford

HARTFORD — William M. Shaw, secretary of Phoenix of Hartford, and for 50 years associated with that company, was honored at a dinner given by his associates to celebrate the event. President George C. Long, Jr., in the name of the group, presented Mr. Shaw a pair of binoculars and a leather-bound testimonial.

Mr. Shaw first entered the employ of Phoenix as an office boy in Cincinnati in 1889. In 1907 he was appointed state agent in Indiana, where he remained until 1929 when he became general adjuster at the home office. He was elected secretary in 1933.

Speaking at the dinner, Mr. Shaw recalled the early days of insurance when windstorm coverage was hard to secure and when rates were largely a matter of personal judgment. "Now," he said, "merchants can be indemnified for loss due to interruption of business, and a man can even insure his dentures."

Mr. Shaw was born in 1873 and has been in insurance since he was 16. Asked how long he expected to continue, he replied, "until I get old."

V. S. Cassel has purchased the agency of Cletus Ditmer at Greenville, O. Mr. Ditmer will remain with the agency as a solicitor, specializing in farm insurance.

Wyoming Agents Reelect Bon as President

O'Mahoney Speaks—Drama in Forshay's CCC Announcement

NEW OFFICERS ELECTED

President—Cecil Bon, Casper, (re-elected).

Vice-president — A. W. Travelute, Rock Springs.

Secretary—H. F. Farnsworth, Riverton, (re-elected).

Chairman executive committee—H. B. Richardson, Lovell.

About 60 attended the annual convention of the Wyoming Association of Insurance Agents in Rock Springs. The banquet drew an attendance of 113 and was highlighted by the unscheduled appearance of United States Senator J. C. O'Mahoney. He gave a short talk on the importance of insurance and this was well received.

The association went on record as favoring the resolution that had been adopted by the far west councillors condemning the use of underwriters annexes by the companies. The convention also adopted a resolution condemning the change in the term rule recently promulgated by the Mountain States Inspection Bureau.

Under the change, when the unexpired term is longer than one year, the rate must be the full annual rate for the first 12 months of the unexpired term, plus 75 percent of the annual rate for each additional year or pro rata part thereof. This, the resolution asserts, penalizes the assured who writes his business on a term basis and who desires to increase any of his insurance during the year.

Should Broaden Coverage

The resolution states that because of the favorable loss ratio that has been enjoyed in Wyoming, the tendency has been to broaden the coverage and to make the rules more beneficial to good property owners rather than more restrictive, as is the case with the term rule change.

The resolution requests the repeal of the rule and the reinstatement of the term rule in effect before the change was adopted.

An official message was transmitted to L. B. Potter, a former president, who is seriously ill at his home in Douglas. He is one of the most popular agents in the state.

There was a dramatic point in the proceedings when R. W. Forshay of Anita, Ia., read a telegram that he had just received announcing that the Commodity Credit Corporation had abandoned its plan to set up a federal pool to insure corn and rye encumbered with CCC loans and instead, to retain the plan of insuring with private companies. Mr. Forshay is a member of the executive committee of the National Association of Insurance Agents and chairman of its rural agents committee. He had been in Washington for the discussions with the CCC officials.

W. J. Kulp on "Attitudes"

W. J. Kulp of Denver, manager Mountain States Inspection Bureau, discussed what he termed "Attitude." He said, "In our dealings with one another, our human impulses being in the main selfish, prevent our taking the broader, friendlier attitude, that sympathetic un-

derstanding, one which would lead us to seek out the reasons which prompt a man's actions and which would lead us to find excuses for his doing things in a manner that do not coincide with our ideas of propriety." Mr. Kulp said that if an agent can arrive at an attitude of understanding and reflect it in contacts with prospects the day is likely to come when he will receive what he may consider his share of a line. He advocated an attitude of fair play toward competitors in one's solicitation. Mr. Kulp declared that if an agent can inject a friendly attitude into his daily work he will get more enjoyment out of it. It will be far more satisfying to him.

Attitude Toward Rules

Mr. Kulp said, "We often sense a feeling or attitude of resentment against the regulations which we are employed to administer or against some ruling that we have made, while, when the facts are assembled it is found that on the basis of past experience and considering similar cases which might arise in the future, we could not have ruled otherwise."

The speaker said that all should demand adherence to the principles and rules as given for the guidance and protection of all but at the same time injecting into one's relationship as much friendliness and common sense as may be exercised without ultimate or present harm to others.

C. V. Davis Gives Talk

Response to the address of welcome was given by H. A. Lewis of Kemmerer instead of R. W. Dinsmore, who was unable to be present. C. V. Davis, Sheridan, national councillor, made a short talk in which he reminded the agents that the National Association of Insurance Agents was responsible for local agents not being classed as employees by the social security board.

Commissioner Macdonald of Wyoming pledged himself to cooperate with the legitimate agents in the state just as far as the insurance laws will support him.

J. H. Helms of San Francisco, in his discussion of "Planned Insurance and the Creditor," emphasized the importance of the local agent cooperating with the wholesalers and the bankers to see that the purchasers of their credit are properly covered with the right kinds of insurance.

At the closed session the final morning the association adopted its resolutions, elected officers and then enjoyed a complimentary luncheon served by Fireman's Fund.

W. L. Braerton of the Braerton, Simonton & Brown general agency, Denver, was one of the interested visitors.

R. W. Forshay's Talk

R. W. Forshay of Anita, Ia., member of the executive committee of the National Association of Insurance Agents, brought the greetings of that body. He referred to the effort on part of some who disparage the middle man when they say there is no place in the economic system for this class of producer because most everything should be produced at wholesale if there is to be salvation for the masses. Business, no matter in what form, Mr. Forshay said, did not achieve its present standards of protection in that manner. It will not continue properly to function on any other manner in the future, in his opinion. So far as the insurance agents are concerned, he claimed that they can well guide their future by demonstrating through service to the public that they alone can produce the necessity and need for their existence. Solidarity among the agents is highly desirable and essentially important, he said. It is his conviction that the organized agents have rendered yeoman service to the companies in preservation work.

Mr. Forshay predicted that very important decisions will be made in the forthcoming Boston convention of the National association. He, as chairman of the rural agents' committee of the National body, referred to his special line, stating that it has aimed to be of

assistance in solving the problems confronting agents in the smaller towns. It is interesting itself in farm insurance, casualty insurance, crop insurance and all kindred lines sold by the rural agents. Although distances are great in Wyoming he suggested that county boards should be organized as they have proved so desirable in many points.

Disturbing Trends at Washington

Insurance trends, Mr. Forshay said, in Washington have been doubly disturbing this year and have required an exceptional amount of constant, alert and instant action in endeavoring to retain

any semblance of local agency relations. He referred particularly to the eminently satisfactory conclusion reached in the manner of overcoming the corn crop insurance fund proposed by the Commodity Credit Corporation. Coercion of premiums by financial institutions, Mr. Forshay stated, has long been a bugaboo among agents. A situation of this kind has faced Wyoming agents for some time. He concluded by saying that solidarity among agents to which most surely must be added solidarity among companies will, when working hand in hand solve many of the most vexing problems of the business.

NEWS OF FIELD MEN

Ross Coffin Again in Indiana Field

Effective Sept. 1, Ross E. Coffin will have supervision over the Indiana field for the Eagle Star, serving also as state agent of the Boston and Old Colony. His headquarters will be in the Chamber of Commerce building, Indianapolis.

Starting in local agency work on his return from world war service, Mr. Coffin's first field connection was as Indiana special agent of the North America. Later he was appointed West Virginia state agent. He was one of a group of men selected by the North America for intensive training in its inland marine departments in New York and Chicago.

In 1926 he became manager of the insurance department of the City Trust Company of Indianapolis, returning after a time to the North America as Indiana general agent for the subsidiary National Security. His next association was with the Indianapolis agency of Gregory & Appel, which connection he leaves to assume his new field post. Mr. Coffin served as president of the Indiana Association of Insurance Agents for the past two years.



Ross E. Coffin

W. E. Bayley Succeeds Neuberger

Hartford Fire has appointed Wesley E. Bayley as special agent in eastern Nebraska succeeding E. V. Neuberger. Mr. Bayley has been with Hartford a number of years occupying various underwriting positions. He has had local agency experience and for the past few years has been special agent in central Illinois. He is entering business for himself. Mr. Bayley will be located at 317 Union State Bank building, Omaha.

Scott Made Field Supervisor

K. J. Scott, Michigan state agent of the Standard of New York since 1933, has been appointed field supervisor for Ohio and Michigan, with headquarters in Detroit. He plans also to open an office in Columbus. Aiding him in the Michigan field are J. B. Johnston, C. B. Kingman and George Leighton.

Hold Michigan Meetings Sept. 12

The Michigan Blue Goose will hold a sports outing at Glen Oaks Golf Club near Detroit the afternoon of Sept. 12. The first fall meeting of the Michigan Fire Underwriters Association will be held that morning in Detroit.

The Bureau Field Club of Iowa had a meeting in Fairfield in the office of the Firemen's group headquarters there. In the morning the field men of the Firemen's had a meeting among themselves. State Agents Roy C. Stone and L. A. Wilson, both of Fairfield, were in charge.

Florence to Head Office Position

The Commercial Union group has transferred D. W. Florence, at present special agent in southeast Texas, to the head office in New York City. He has been advanced to assistant secretary and will supervise the automobile business. Mr. Florence is a native Texan. After graduating from Oklahoma A. & M. College, he joined the Texas insurance department as an inspector in its rating division, serving in that capacity until 1924 when he became associated with the Commercial Union as special agent.

Louisiana Pond Golf Tourney

NEW ORLEANS. — Prioleau Ellis won the prize for the longest drive and Frank M. Malone had low net at the annual golf tournament of the Louisiana Blue Goose at the Colonial Country Club. R. M. Franklin had the closest ball in the hole-in-one contest. The guest contest was won by H. F. Owsley, Jr.

Weldon with America Fore

Walter Weldon has resigned as engineer for the Kentucky Actuarial Bureau, to take a post in the engineering department of America Fore in the western office. He is an Armour graduate and

Head of the Order



RALPH W. HUKILL

R. W. Hukill of Norwood, O., special agent of the Great American group in his state, is presiding this week over the deliberations of the annual grand nest conclave of the Blue Goose at Cincinnati. Mr. Hukill has gone up through the various stages in the order. He is one of the leaders in the Ohio field. He has visited a number of ponds during his administration.

has been with the Kentucky bureau five years.

E. P. Wilbur to N. J. Field

Fire Association has transferred E. P. Wilbur to Newark, as special agent for Essex and Hudson counties, N. J., from his former territory of New York, Connecticut and Massachusetts.

International Golf Tourney Sept. 22

The international golf tournament of the Seattle and British Columbia Blue Goose ponds will be played at Shaughnessy Golf Club, Vancouver, B. C., Sept. 22. It will determine the winner of the A. Z. DeLong Cup.

Wieber Assigned to Indiana

The Aetna Fire group has appointed R. A. Wieber as special agent in Indiana succeeding Special Agent Goodall, resigned. Mr. Wieber has earned this promotion by the efficient service he has rendered in the western department.

NEWS BRIEFS

The executive committee and officers of the Indiana Fire Prevention Association will meet Sept. 11 to outline a program for the coming year.

The California Blue Goose is to have a picnic at the Uplifters Ranch in Santa Monica Canyon, Sept. 29. Games will be played in the afternoon and then there will be a steak dinner. Ed Dunn is chairman of the committee.

F. C. Newcomer, special agent Cotton Insurance Association, has moved his office from Charlotte to 806 Commercial Bank building, Raleigh, N. C.

The first meeting of the Sunflower (Wichita) puddle of the Kansas Blue Goose has been called for Sept. 18, due to a meeting of the Kansas Fire Underwriters Association Sept. 12 in Topeka.

L. A. Dougherty, former representative of General of Seattle at Los Angeles, has joined Millers National as special agent in southern California.

Sam J. Ogilvie, formerly with Atlas, has been appointed agency superintendent for the Carl N. Corwin general agency of Los Angeles. Mr. Ogilvie was with the C. A. Colvin office from 1925-32, then for two years with National Fire in southern California and since 1934 has traveled in the same field for Atlas.

CHICAGO

STEWART, KEATOR HOLD OUTING

Stewart Keator, Kessberger & Lederer, Chicago agency, held its annual all-day outing for the staff, office brokers and company managers at Glencoe country club, Glencoe, Ill., this week. Emil L. Lederer, member of the firm, was toastmaster at a dinner.

PUBLISHES "BROKERS TIPS"

Cramsie, Laadt & Co., general agents Northwestern National, Chicago, are now publishing a small pocket size monthly paper called "Brokers Tips." It is for general insurance brokers and is edited by A. H. Ehresmann, manager of the life department. Each month this will go out to brokers, containing information pertaining to forms of coverage offered by Northwestern National.

MRS. DALMAR ENTERTAINS TIBBETT

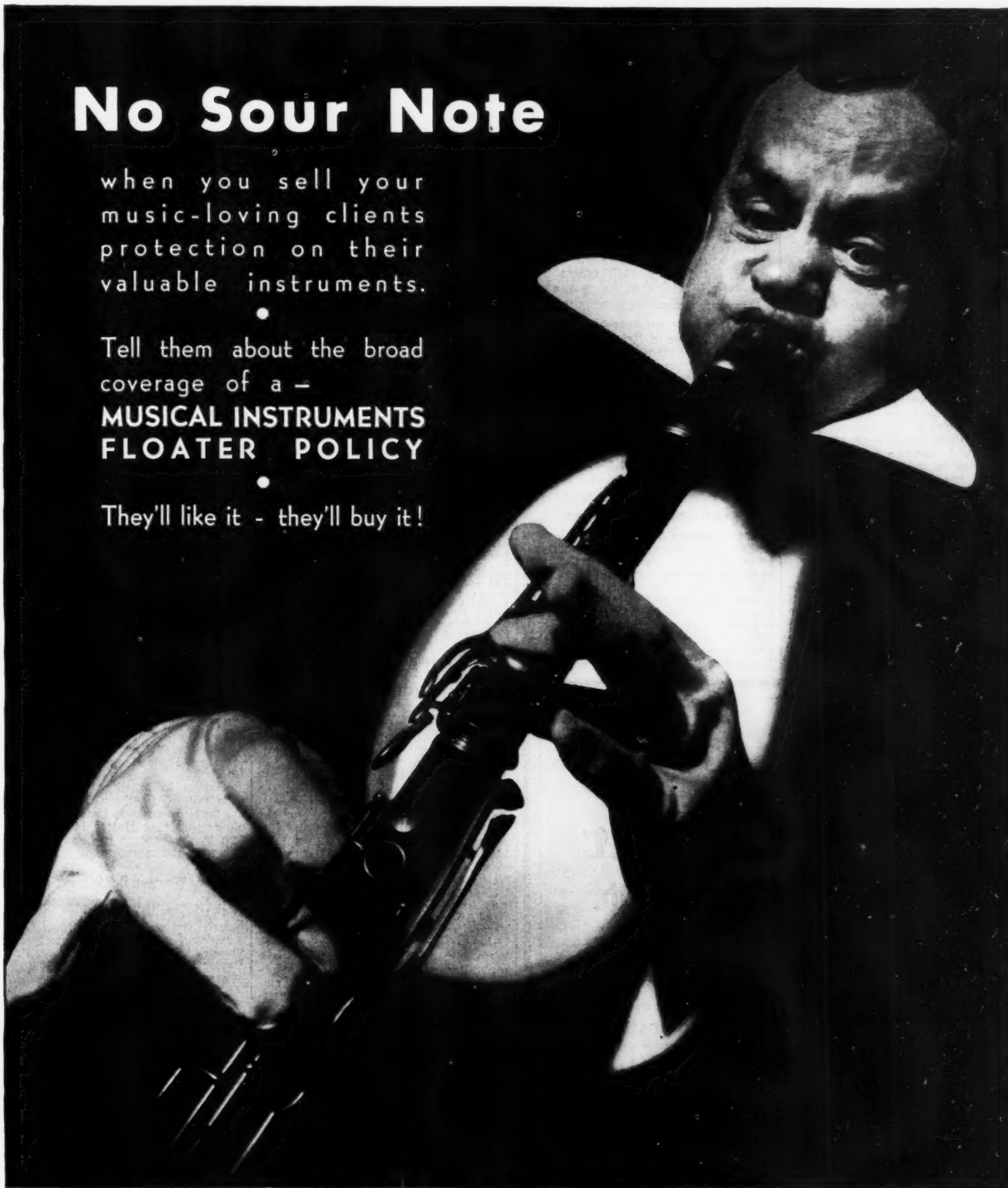
Mrs. Hugo Dalmar, head of the Hugo Dalmar & Co. agency of Chicago, had the distinction of receiving in her home in Evanston, Ill., Lawrence Tibbett, the famous singer. He had appeared the previous evening at a Grant Park concert in Chicago before a crowd of about 100,000. Mrs. Dalmar, who is a patron of music, as treasurer of the Illinois Opera Guild, had opened her home and was hostess for the benefit of the opera students' fund. Mr. Tibbett appeared

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FRANK A. CHRISTENSEN, Vice-President

New York, N.Y.

NEW YORK

CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL

on that occasion in the company of Jason Whitney, president of the Chicago Opera Company, and he spoke briefly to the assemblage.

Mrs. Dalmar had directed that the proceeds of the benefit go to the Woman's Symphony girl student group and the presentation was made at that time by Hugo Dalmar, Jr., 12-year-old son of Mrs. Dalmar. Edith Mason, the famous opera singer, was a guest on that occasion, as was Marie Sudenius Zandt. Among those who played was Mrs. George Fergus, who is 92 years of age and is an accomplished flutist.

Mrs. Dalmar will give another affair for the Woman's Symphony Orchestra in September.

COLLATERAL LINE DISCUSSION

The subcommittee of eight that has been discussing the general idea of having the company members of the Western Underwriters Association responsible to a degree to the association for observance of organization underwriting practices in collateral lines such as farm, hail, marine and automobile is scheduled to have a meeting in Chicago Thursday of this week. At that time an effort will be made to frame definite recommendations to be submitted to the larger committee and, in turn, presented at the W.U.A. meeting in White Sulphur Springs in September. The subcommittee has been holding meetings throughout the summer and has given consideration to the various phases of what everyone agrees is a difficult problem.

LIFE MEMBERS MEETING

W. H. Lininger, president of the Society of Life Members of the Northwest Association, has called a meeting of the officers and executive committee for Sept. 11 in Chicago. The date for the annual meeting will be set. C. M. Cartwright of THE NATIONAL UNDERWRITER is

War Risk Rates Sharply Higher

NEW YORK—Marine underwriters Wednesday were holding their regular weekly meeting here and it is possible, though not deemed probable, that some revision will be made in the war risk rates that were put into effect Tuesday. Rates on ships and cargoes to German or Italian ports are only given upon application. Should war break out it is conceded the capacity of the home insurance market would prove insufficient to supply full coverage, and aid would have to be supplied by the federal government.

The rates effective Tuesday represented sharp increases. Some of the rates were doubled while others were five or six times higher.

chairman of the entertainment committee. D. O. Stine of Reedsburg, Wis., is chairman of the memorial committee and A. F. Powrie, Fire Association manager at Chicago, chairman of the nominating committee. The treasurer, W. J. Sonnen, will report on the relief fund. There has been \$479 received and \$250 paid out. Roy L. Nicholson of the Michigan F. & M. in Milwaukee is vice-president, as is also D. J. Harrigan, St. Paul F. & M., Chicago.

MORE CHICAGO FIRE FIGURES

Approximately 300 fire companies operating in Chicago have filed their returns with the city controller's office showing fire premiums for the fiscal year ended June 30. This is a number greater than the filings reported for the previous fiscal year up to January, 1939, and leaves only a few companies which have not reported. The reporting has been much speeded up this year by James Corbett, head of the fire insur-

ance premium tax division. The additional figures from late filings are:

	1939	1938	1937
Alliance	\$ 56,569	\$ 81,459	\$ 78,618
Amer. Auto.	5,933	11,454	10,325
Amer. Cent.	70,308	62,987	61,299
Amer. Eagle	54,893	67,237	57,215
Amer. Equit.	139,067	111,144	137,780
Auto. Mut. R. I.	1,447	1,313	1,452
Automobile	159,302	.....	.....
Br. General	8,966	.....	.....
California	20,901	17,537	18,415
Carolina	8,409	11,621	11,512
Central, Md.	13,507	20,450	17,272
Citizens	25,995	32,079	37,535
City of N. Y.	37,278	51,877	61,000
Columbia	11,585	15,831	.....
Commonwealth.	130,957	104,129	122,362
Comm. U. N. Y.	18,170	17,393	17,513
Continental	390,069	312,582	486,456
Eagle Fire, N. Y.	15,154	10,739	13,246
Eagle Star	57,896	52,772	43,528
Eureka-Sec.	23,529	19,335	29,072
Fidelity-Phenix 171,632	211,252	207,068	.....
First Amer.	39,277	40,389	29,413
First Nat.	31,443	17,593	908
Empire State.	36,377	38,343	44,199
Franklin	67,696	67,409	98,701
General, Seattle 61,519	104,233	130,686	.....
Gibraltar F&M.	7,271	5,785	.....
Globe & Rep.	76,814	85,412	93,409
Globe & Rutgers 27,106	35,480	42,290	.....
Hartford Fire.	314,502	362,011	412,872
Homestead	6,246	1,158	.....
Home of N. Y.	456,355	493,892	527,895
Homeland	13,078	18,297	21,385
Imperial Assur.	32,653	76,044	.....
Knickerbocker.	31,335	35,112	19,848
London Assur.	116,956	128,913	126,636
Manhattan F&M 39,351	43,177	24,669	.....
Maryland	27,786	53,088	56,433
Mercantile	67,347	55,135	60,516
Merch. & Mfrs.	25,696	27,883	28,445
Monarch Fire.	30,856	53,088	61,554
Nat. Security	19,182	24,447	12,609
Netherlands	30,721	25,989	27,013
New Bruns.	40,294	40,657	46,152
New York Fire 49,363	.....	.....	.....
Niagara	139,530	151,899	141,358
North America.	335,459	308,164	359,715
Norwich Union.	69,822	80,843	81,808
No. Br. & Merc. 165,498	154,908	155,479	.....
Palatine	945	774	1,461
Patriotic	22,698	26,421	27,149
Paul Revere	9,182	8,145	6,355
Pearl Assur.	226,747	284,224	201,393
Pennsylvania.	147,872	129,439	134,344
Phila. F. & M.	61,476	68,302	62,646
Phoenix Assur.	29,058	91,572	111,875
Sun	73,459	91,707	85,432
Sun Underw.	31,285	35,692	31,907
Sussex Fire	8,189	8,407	8,535
Union Assur.	14,064	8,099	13,841
Union, F. A., & G. 25,047	20,460	25,402	.....
Un'd Firemen's 43,284	68,683	.....	.....
Un., Mar. & Gen. 7,703	7,281	.....	.....

Caminetti Announces Plans for Investigation Force

LOS ANGELES—Commissioner Caminetti on visit to this city told about the investigators employed to check up on producers. He announced appointment of men to be assigned to the San Francisco office for that purpose. E. P. Fay, chief assistant in charge of the southern California office of the department, announced the names of six of the 12 men who will work out of the Los Angeles office. They are: Lloyd Ledbetter, Ventura, who has had considerable insurance experience and was associated with the Farmers Automobile Interinsurance Exchange; Edward Wall, Los Angeles, an agent; J. P. Davaney, Los Angeles, for some time manager Farm Credit Administration for North Dakota, former member Minnesota legislature in 1937 and member judiciary committee which considered the insurance code revision; O. N. Wilton, Temple City, who has had insurance experience; Edward Cook, Pasadena, also an experienced insurance man, and W. K. Henderson, San Bernardino, from 1927-1934 was in the insurance business in Washington, a portion of the time in general agency work.

The southern California office is to have a new home, and will be moved from the State building about Sept. 15 to 621 South Hope street, where a wing is being remodeled for the division. H. L. Benjamin, liquidation deputy, is in charge of the work. Mr. Fay will be in charge of the new offices, along with H. F. Risbrough, assistant commissioner. H. P. Luckhna, administrative assistant, is being transferred to southern California from San Francisco.

Williams Becomes Fire Manager

LOS ANGELES.—T. A. Williams of the Thomas V. Humphreys general agency is to be promoted to manager of the fire department of the Humphreys office. He has been with that office for 11 years and is one of the best known fire underwriters in the city.

Federal Crop Cover Pays \$1,424,616 to Aug. 12

More than 11,000 wheat growers whose 1939 wheat crops were damaged have collected indemnities of 2,670,236 bushels of wheat under the federal crop insurance program, according to a report by the Federal Crop Insurance Corporation. The value of the indemnities, disbursed to growers up to Aug. 12 was \$1,424,616.

More than 170,000 "all-risk" policies were written, insuring growers of either 50 or 75 percent of their average yield. More than 90 percent of the policies were for 75 percent coverage. Growers paid premiums representing 7,243,000 bushels of wheat.

The corporation's wheat position as of Aug. 11, was: Premiums received, 7,243,053 bushels; wheat sold or delivered to pay indemnities, 3,141,586 bushels; wheat on hand, 4,101,467 bushels.

A majority of the claims paid have been in cash equivalent. Indemnities representing only 7,397 bushels of wheat have been paid "in kind" with warehouse receipts for wheat in storage.

The largest number of indemnities have been paid in Nebraska, where 2,614 growers have received \$217,846, representing 433,101 bushels of wheat. Texas growers have received the greatest amount of indemnities, with 2,029 growers paid \$454,525 representing the equivalent of 844,989 bushels. In general concentration of indemnities reflects widespread crop losses in the southwest wheat belt.

Southern Group in New Home

Formal opening of the new home offices in the William-Oliver building, Atlanta, of the Southern Insurance Securities Corporation and its affiliates Southern Life and Southern Fire & Marine Insurance Company of Georgia, was held.

Several hundred prominent business and professional leaders, state, county and city officials, including Mayor Hartsfield and a delegation from the city hall, and others, called during the reception hours.

The opening of the new home offices was coincidental with the fourth anniversary of the founding of Southern Life.

Graham West, city comptroller and secretary of Southern Life, presented the floral decorations from the Southern offices to Mayor Hartsfield for distribution to the patients in Grady Hospital, following the reception.

Culver, Warner Back from Europe

B. M. Culver, president America Fore, and Harold Warner, U. S. manager Royal-Liverpool, arrived from Europe Tuesday. Both are scheduled to give testimony before Federal Master P. V. Barnett at Kansas City Sept. 7 in the Missouri rate hearing.

George Du R. Fairleigh, editor of the "American Agency Bulletin," and Lena Moore Fisher, daughter of Mrs. George Harmer Moore of Tennille, Pa., will be married Oct. 12 at the Little Church Around the Corner in New York City. After a short wedding trip, they will make their residence at 75 Bank street in Greenwich Village, New York. Mr. Fairleigh joined the "American Agency Bulletin" in 1936 after an 11-year association with the "Insurance Field" in Louisville as assistant secretary. He was also advertising manager of the Louisville Junior Board of Trade. He was managing editor of the "American Agency Bulletin" until the resignation this past summer of Jennie Sue Daniel, when he was made editor.

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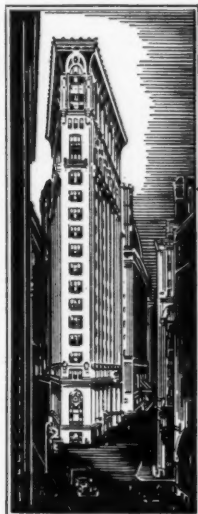
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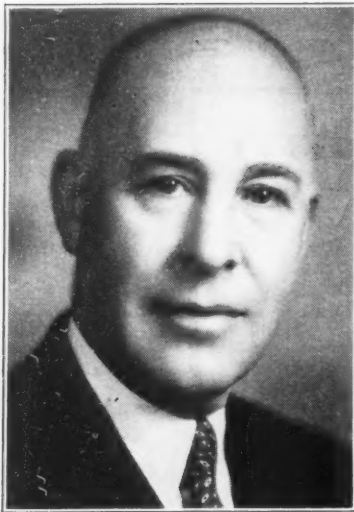
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Contends Common Stock Record Surpasses Bonds

The current edition of the "Investment Counsel Annual—1939" carries an article by D. C. Rose of Brundage, Story & Rose, developing the theory that those fire insurance companies which have made proportionately heavy investments in common stocks throughout the years have achieved better results than those companies that have been committed primarily to bonds.

He makes a comparison of what he calls the three most successful fire com-

panies in the investment field and the three least successful. Those characterized as most successful had common stock investments amounting to from 38 to 42 percent of their portfolio and bond investments running from 27 to 35 percent. For the 35 years, 1903-1938, these companies had an average of what the author calls "average annual accomplishment," ranging from 4.6 percent to 5 percent.

The companies characterized as least successful had common stock investments amounting to from 10 to 28 percent of the portfolio and bond investments running from 54 to 62 percent.

The "average annual accomplishment" of these companies for the 35 years ranges from 2.6 to 3.2 percent.

The "average annual accomplishment" of the 25 leading fire companies for 1908-1938 was 6.05 percent from stocks and 4.43 percent from bonds, according to the author.

Knowledge of Agent Was Main Factor in Decision

The United States court of appeals for the 8th circuit considered an appeal case from the district court of the United States for the district of South Dakota in Hartford Fire vs. Logan Grain Company.

The Logan Grain Company owned two grain elevators and was the holder of policies with the Hartford Fire covering the property. Fire destroyed both elevators but the company denied liability on the ground that the policies contained provisions that rendered them void if the object of the insurance was personal property or encumbered by a chattel mortgage. The property was encumbered by a chattel mortgage but evidence showed that the agent of the Hartford Fire knew at the time the policies were issued that an unrecorded agreement existed between Logan Grain Company and McCarthy Brothers & Co., for advancements made to the Logan Company. Attached to the policy was the loss payable clause denoting McCarthy Brothers Company as the beneficiary. Judgment was rendered for the Logan Grain Company in the trial court. The Hartford Fire claimed error, asserting there was no waiver under the facts mentioned. Breach of forfeiture provisions in fire policies the higher court said, do not render the policies void but merely voidable, but such provisions can be waived or the company may be estopped to urge the forfeiture because of knowledge of the existence of an encumbrance prior to the issuance of the policy as in this case.

Selling Leads to Higher Posts

Selling is coming to be more and more appreciated as a stepping stone to top corporate executive positions, according to the Investors Syndicate's annual survey of graduates' employment prospects. The survey also indicates increased interest in insurance on the part of graduating classes, as well as greater demand on the part of the companies.

S. J. Berard, placement officer Brown University, reported that there has been an increase in the demand for men in the insurance field. A leading college for men in Indiana reports that "there is a

strong swing to college men in the insurance companies."

A Connecticut college reported that "all the Hartford insurance companies are hiring our men." A nationally known Massachusetts college stated that "we are placing some of our graduates this year with leading life insurance companies." A nationally known Kentucky college observed that "insurance companies are seeking men to grow with their business."

Of the nine large corporations listed in the report on the survey as frequent campus recruiters, two are insurance companies, Aetna Life and Travelers.

Universal and Virginia

J. T. Byrne, vice-president and secretary of the Universal of New Jersey, states that the report that the company is planning to enter Virginia with P. Lester Hawks as special agent is unwarranted. Vice-president Byrne had some conversation with Mr. Hawks but did not indicate that the company would enter Virginia or that it would appoint him as special agent.

To Resume Sweeney Hearing

LOUISVILLE — The Kentucky department will resume hearing Sept. 12, of charges against W. T. Sweeney, of W. T. Sweeney & Co., Louisville local agency, who was called up for suspension of license for alleged violation of proper rate application in writing fire policies.

Dean & Silliman Appointed

National Fire & Marine is now licensed in North Carolina and is represented by Dean & Silliman of Charlotte. Dean & Silliman represent the company as general agents also in South Carolina.

Kentucky Fund Covers \$12,700,000

FRANKFORT, KY.—Kentucky under its present "insurance fund" arrangement carries \$12,744,559 fire and tornado insurance on state buildings, with premiums amounting to \$108,115, a survey here shows. The insurance department is custodian of the fund, which was created in 1936 by the legislature. Before July 1, 1936, state properties were insured through local agents. New reinsurance of all risks over \$200,000 is handled through Springfield F. & M.

Geisler Heads Bridge Committee

NEW YORK—Members of the insurance advisory committee of the American Toll Bridge Association for the present year are: E. W. Geisler, Fred S. James & Co., Pittsburgh, chairman; D. F. Cox, Appleton & Cox; Arnold Grasse, Home; L. R. Ross, Phoenix of Hartford, and John Waldron, Fred S. James & Co., New York.

E. B. Eady, presently manager for Fire Companies Adjustment Bureau at Huntsville, Ala., is to become manager of the Montgomery, Ala., office. C. M. Hart, now manager at Montgomery, succeeds Mr. Eady at Huntsville.

Commissioner Caminetti of California has appointed W. P. Wood counsel for the liquidation division in the Los Angeles office, succeeding Eugene P. Fay, recently named chief deputy commissioner.

William Bower, vice-president of the Central Fire Agency and head of its Brooklyn office, accidentally shot by a stray bullet while vacationing in Tennessee, is confined to a hospital in Waynesville, N. C.

Percy A. Gaddis, Jersey City broker, is celebrating his 50th year in the business.

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EDITORIAL COMMENT

The Survival of the Fittest

VICE-PRESIDENT R. N. CAVERLY of the FIDELITY & CASUALTY, in his address before the INTERNATIONAL ASSOCIATION OF INSURANCE COUNSEL, spoke in a very illuminating way about the background of the casualty and bonding business as represented by the companies that have survived the vicissitudes of time, the consequences of war, panic and boom. He called attention to the fact that in all cases of successful companies that have emerged from small beginnings there was a strong individualist at the head, a man of dominating personality, but the day is gone, he said, for such a president. The administrator of today has an entirely different problem than the man of yesterday. Today the companies are great concerns with immense organizations and many complexities.

In calling the roll of companies that started from small stature, gradually developed and today are institutions of imposing magnitude, he said there is a reason why these survived and others, the great majority, rest in the insurance graveyard in oblivion. The companies that have gone through these trying experiences and today are sounder than ever have always endeavored, he said, to be honest, just and

fair, not only to the premium payers but likewise to the humblest claimant. There has been a moral background as well as a financial one.

Then these great leaders have not attempted to do strange and untried things. They have not been plungers. They have been conservative and yet they have had a vision. They have not tried to defy economic and insurance laws. They have read the stars and charted their course according to sound experience. They have realized there are only 100 cents in a dollar and have not endeavored to sell their indemnity below cost price. They have not tried to cut corners and do tricks. They have had in mind, of course, the best interests of their agents and of the people who pay the premiums.

Speaking of these pioneer individualists, Mr. CAVERLY said, "These men were all individualists of the first order. Perhaps it is only the individualist who has the pioneering spirit. It was their daring, though tempered by sound judgment; their conservatism, though illuminated by vision; that launched and steered on uncharted seas the ventures that formed the foundation of the casualty and bonding business of today."

National Bureau Moves Forward

IN A SIX MONTHS period full of changes in the casualty business, unprecedented both as to number and as to extent, the change in attitude and action of the NATIONAL BUREAU OF CASUALTY & SURETY UNDERWRITERS has probably been more important than the details of various innovations. For the first time in many years, the bureau has taken the initiative. Instead of making changes after non-bureau carriers have inaugurated them and skimmed the cream off the business, the bureau, in several cases, has originated changes and caught its competition flat footed. Competing carriers, getting a dose of their own medicine, have not liked it. Agents of bureau companies, however, are finding the prescription very palatable in these competitive times.

Whether any person or any particular group of persons is responsible for this about-face is not certain, but there can be no question that the new condition is a healthy one for everybody. Even the most severe critics of the bureau, once they have had the opportunity of becoming acquainted with the personnel of that organization, have recognized that the organization is staffed by men of ability

and vigor. A bureau employee, like an executive of any other association, has a multitude of bosses. Seldom can he follow his own course. Usually he must obtain the approval of many and frequently the minority of his employers can block his path. It is no secret that on more than one occasion the bureau staff has been convinced of the soundness of a plan initiated by non-bureau carriers, but has not been permitted to follow it. It seems logical that the executives of bureau companies have become convinced of the need for aggressive action and are giving the bureau staff a freer hand than formerly. Whatever the cause, the result is bound to be favorable. It does not take much acumen to predict that the 1939 comparative showings will not put the bureau companies in the same light as 1938 and prior years.

It would be silly to predict that all future innovations would come out of the bureau, or even to hope for this. Such a situation would be as unhealthy for the business as the old condition of the bureau resisting every change as long as it could. There will always be a field for the independent operator

and many wholesome developments should and undoubtedly will originate as independent innovations. Competition is and will remain the greatest stimulant of progress. But executives of bureau companies and agents seeking to sell the products of these companies have a right to expect that this organization will be on its toes and that at least a reasonable amount of progress will be initiated by it. There was understandable cynicism in many quarters when the word got around that the bureau was going to adopt an aggressive course. It has certainly confounded these cynics with actions instead of words. To quote a prominent and able member of the bureau staff: "There is still life in the old mare."

By no means would we presume to advise any company whether it should operate in or out of the bureau. By the

same token, we would not advise the bureau how to work toward increasing its membership. We do not know whether it hopes or wants more companies to join or rejoin. But the present state of affairs has immeasurably strengthened the bureau's position, regardless of its objectives. Whether the desire is to serve its present members or to appeal to prospective members, or both, any organization must have something to offer. Agents and companies should be able to look to the bureau for intelligent solutions to problems, for a reliable guide to steady progress, and for stimulating leadership. It appears that they now can do this. It is significant that it has been some time since we have heard the once popular remark, "If I were managing a casualty company, I don't know why I'd fool with the bureau."

PERSONAL SIDE OF THE BUSINESS

T. K. Byrne, vice-president and secretary Birmingham Fire, Birmingham, Ala., has been out of his office since July 29 on account of illness, and doctors advise that it will be two months more before he will be able to return. He has been in the insurance business 30 years and an official of his company since it was founded.

Wray H. Griffith, son and partner of W. E. Griffith of W. E. Griffith & Son, independent adjusters, San Francisco, was seriously injured when the automobile in which he was riding went over a bank into a river between Reno, Nev., and Truckee, Cal. He suffered a fractured skull and other injuries. Mrs. Griffith was also seriously injured, as were the three others in the car.

John Havekost, president of the Farmers Mutual of Hooper, Neb., and for several years president of the state association of mutual fire companies, has been named state treasurer to succeed Dr. T. W. Bass, who dropped dead. The \$1,000,000 bond of Dr. Bass died with him, but T. B. Strain, Lincoln banker, has arranged with the 14 surety companies that were on that bond to transfer it to the newly-named treasurer.

W. L. Wallace, vice-president Pacific National Fire in charge of eastern and middle western operations, left San Francisco for his headquarters in Philadelphia, stopping for a brief visit at the western department in Chicago. He attended a conference of executives and managers at the home office and also spent his vacation in California.

E. W. Elwell, United States manager of the Royal Exchange group, returned to New York on the Mauretania last Friday, after a visit of several weeks to the head offices of the Royal Exchange and the Car & General in London, and with his parents in Hoylake, Eng.

Western Manager **Carl Claussen** of the London & Lancashire Fire always makes it a point to go to Clear Lake, Ind., over Labor Day and spend a few days fishing with Local Agent Cook of Fort Wayne. Both are old time friends. After Mr. Claussen attended the meeting of the Upper Peninsula Asso-

ciation of Insurance Agents in Michigan he went on a fishing trip and was quite successful in his activities.

The St. Joseph, Mo. "News-Press," in a recent issue has a cut on its first page captioned, "Tobacco Crop Luxuriant." It shows **John A. McGee**, well-known St. Joseph local agent, examining a stalk of tobacco in the large field of leaf on his farm five miles south of the city. The plant in the photograph, shoulder high, is in bloom.

James Gilbert Leigh, III, of Little Rock, member of the firm of L. B. Leigh & Co., general agents, and Miss Florence L. Jones of Youngstown, O., will be married Sept. 7, at St. John's Episcopal Church in Youngstown. Mr. Leigh is a son of the late J. Gilbert Leigh, who died a few months ago.

J. M. Byrne, Jr., Newark local agent, has been named a trustee of John Marshall College, Jersey City.

Mrs. Daisy M. Humphreys, cashier of the Factory Insurance Association of Hartford, received on Monday a basket of 35 roses and the congratulations and good wishes of her friends and associates, the occasion being her completion of 35 years' service with the F. I. A.

DEATHS

C. F. Foley, 71, president of the Paul-Foley Co., Lockport, N. Y., died after a long illness. He was secretary and former president of the New York State Automobile Association and a director of the American Automobile Association. He entered the insurance field in 1915.

Otto E. Schaefer, president of Westchester Fire for the past 20 years and an employee of the company since 1889, died at his home in New York last Thursday, following an illness of two months.

Mr. Schaefer began his business career as an office boy with Westchester Fire just a half-century ago, advancing through the different grades until he became its chief executive in 1919. Previously he had been appointed assistant



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secretary in 1907; secretary eight years thereafter, and in 1916 was elevated to vice-president-treasurer, so continuing until his election as president.

His outside activities at different times included the presidency of the New York Fire Insurance Exchange; chairman of the finance committee and subsequent presidency of the New York Board; chairman of the advisory committee of the Reinsurance Clearing House; chairman of the Eastern Underwriters' Association's committee on the status of agencies; director Underwriters Salvage Co. and a member of the committee on laws of the National Board.

While Mr. Schaefer had an intimate knowledge of all phases of fire underwriting, his work with Westchester for a number of years past had been largely restricted to the financial operations of the Crum & Forster group, of which his company became a member in 1928. He was likewise a director of North River, one of the associated corporations.

The New York Board and the New York Fire Insurance Exchange were represented at Mr. Schaefer's funeral by official committees. Representing the New York Board were Hart Darlington, Norwich Union; C. A. Nottingham, Royal-Liverpool; J. W. Nichols, Queen, and E. C. Niver, executive vice-president.

The exchange committee consisted of W. R. Crane, Crum & Forster; S. T. Perrin, Perrin Organizations; J. W. Russell, Aetna Fire, and R. R. Martin, Atlas.

Stricken while leading the drum and bugle corp of the Shrine Temple there, Fitzgerald Atkinson, 42, Nashville local agent, died before reaching a hospital.

H. H. Hicks, local agent of Tarboro, N. C., was killed when the plane in which he and several other men were traveling from Tarboro to Raleigh crashed in the vicinity of Rocky Mount, N. C.

E. W. Carr, office manager for Lee J. Best agency, Dunn, N. C., died there after a serious illness resulting from self-inflicted wounds.

Norman M. Jack, 54, Los Angeles insurance broker, 18 years with the Matt T. Mancha agency, and at the time of his demise head of the Norman M. Jack Co., died there.

Thomas Ashley, 73, for 40 years an insurance broker in Boston, associated with the Travelers, died suddenly at his home in Seltuate, Mass.

Guy G. Hirsch, for 35 years a solicitor for I. Reinhardt & Son, Dallas, died in a hospital there. He started with the Reinhardt agency when he was 17.

B. T. Rogers, 65, a local agent in Knoxville, Tenn., for 12 years, died there.

George Weller, 59, head of Weller & Sons agency, Burlington, Wis., died at his home.

McCord to Urge Nationwide Fire and Casualty School

JACKSONVILLE, FLA.—As a result of his experience with the three insurance schools held by the Florida Insurance Agents Association under his direction, L. P. McCord, who is chairman of the publicity and education committee of the National Association of Insurance Agents, will recommend to the executive committee of the National association at its meeting in October the establishment of a fire and casualty school or college somewhat comparable to the American College of Life Underwriters, which grants the Chartered Life Underwriter degree.

Gano Wright, 84, Gives Party

CINCINNATI.—Gano Wright, who has one of the longest records of service in the business, gave a luncheon on his 84th birthday for a number of insurance friends. Mr. Wright started in the old western department of Aetna Fire at Cincinnati under F. C. Bennett 65 years ago. He represented Aetna on a part time basis while he was still in school several years prior to that. Mr. Wright later went into the field for Aetna. He established his local agency 52 years ago and has continuously represented Liverpool & London & Globe since he started. Standard Accident has been represented in his office 47 years and the youngest company 28 years.

Mr. Wright is the oldest living presi-

dent of the Cincinnati Fire Underwriters Association and the Ohio Association of Insurance Agents. He is a past vice-president of the National Association of Insurance Agents.

CONVENTION DATES

Aug. 31—Washington Agents, Hotel Leopold, Bellingham.

Sept. 6-8—Iowa Agents, Hotel Hartford, Mason City.

Sept. 7-8—Oregon Agents, Pilot Butte Inn, Bend.

Sept. 7-8—New Jersey agents, Berkeley-Carteret Hotel, Asbury Park.

Sept. 8-9—Minnesota Agents, Brainerd.

Sept. 8-9—Montana Agents, Butte.

Sept. 13-15—Pennsylvania Agents, Galen Hall, Wernersville.

Sept. 11-13—International Claim Assn., Westchester Country Club, Rye, N. Y.

Sept. 15-16—Colorado Agents, Shirley-Savoy Hotel, Denver.

Sept. 19-20—Michigan Agents, Bancroft Hotel, Saginaw.

Sept. 19-20—Western Underwriters Association, Greenbrier Hotel, White Sulphur Springs.

Sept. 21, Vermont Agents, Basin Harbor, Lake Champlain.

Sept. 22-23—New Mexico Agents, Franciscan Hotel, Albuquerque.

Oct. 1-3—Insurance Advertising Conference, Statler Hotel, Boston.

Oct. 2-5—National Association of Insurance Agents, Statler Hotel, Boston.

Oct. 9-12—Annual Casualty Convention, Greenbrier Hotel, White Sulphur Springs, W. Va.

Oct. 13-14—Insurance Federation of New York, Hotel Arlington, Binghamton.

Oct. 16-18—Ohio Agents, Biltmore Hotel, Dayton.

Oct. 18-20—Kansas Agents, Jayhawk Hotel, Topeka.

Oct. 19-20—Wisconsin Agents, Hotel Wausau, Wausau.

Oct. 19-20—Tennessee Agents, Hotel Hermitage, Nashville.

Oct. 19-21—Maryland Agents, Carvel Hall, Annapolis.

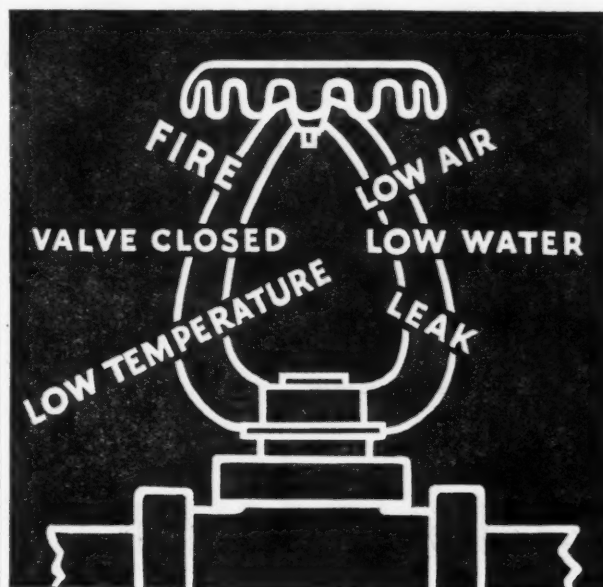
Oct. 23-24—Missouri Agents, Elms Hotel, Excelsior Springs.

Oct. 25—South Dakota Agents, Huron.

Nov. 8-9—Illinois Agents, Abraham Lincoln Hotel, Springfield.

Nov. 9-10—Indiana agents, Indianapolis Athletic Club, Indianapolis.

Nov. 13-15—California Agents, Hotel Oakland, Oakland.



MAKING THE SPRINKLER

Speak for itself

A sprinkler head is designed to do just one thing—to release a flood of water when a fire occurs.

But other functions are necessary to complete protection which the sprinkler, alone, cannot perform. The sprinkler cannot summon the fire department...shut itself off when the fire is out...or give warning when any trouble condition develops that would impair the usefulness of the system in case of fire.

There is a way to make the sprinkler "speak for itself"—through A.D.T. Sprinkler Supervisory and Waterflow Alarm Service. Under such supervision, the sprinkler system is electrically connected to an A.D.T. Central Station, to which signals are automatically transmitted when abnormal conditions occur, assuring immediate corrective action.

Central Station Supervision performs the following functions:

- 1—Automatically summons the fire department the instant a sprinkler head opens, or a serious leak occurs.
- 2—Automatically detects and reports to the Central Station trouble conditions that might impair or nullify the sprinkler's effectiveness.

Not only will this automatic supervision assure your clients of maximum protection—it often results in substantial savings by making it possible to revise or eliminate other less effective, but more costly protection measures.

For unsprinklered properties, A.D.T. provides Aero Automatic Fire Alarm Service to prevent belated discovery and delayed alarms.

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The NATIONAL UNDERWRITER

August 31, 1939

CASUALTY AND SURETY SECTION

Page Fifteen

Counsel Federation in Annual Muster This Week at Rye

Number of Important Addresses Are Presented by Authorities

NEW OFFICERS ELECTED

President—Scott Fitzhugh, Memphis (reelected).

Vice-presidents—F. W. Hackett, Montreal; S. M. Hollander, Newark; G. A. Farabaugh, South Bend, Ind.; D. B. Sugarman, Syracuse, N. Y.; John H. McNeal, Cleveland; P. N. Booth, Louisville.

Secretary—John A. Millener, Rochester, N. Y. (reelected).

By DOROTHY B. PAUL

RYE, N. Y.—“The reason so many able and distinguished lawyers have joined the Federation of Insurance Counsel is because lawyers worth while are conscious of the fact that they must devote some of their time to matters which affect not only their professional life, but which also affect the public, generally,” said President Scott Fitzhugh, Memphis, in the opening address at its third annual convention.

“An association which has for its objectives and purposes the bringing together of a large number of lawyers who specialize largely, or to a certain extent, in the practice of insurance law, so that there may be established a higher standard of efficiency in performing legal service in behalf of insurance companies, and so that friendly cooperation may be stimulated, is highly important and should be heartily supported,” he continued. “In our annual conventions an excellent opportunity is afforded the members to discuss and interchange their views relative to court decisions, which are handed down each year, involving insurance contracts, and to obtain valuable information as to many matters of far reaching importance to themselves and their clients.”

Liquidation of Companies

Mr. Fitzhugh reported that satisfactory progress has been made during the past year in securing quality members. He described a letter writing campaign which he has carried on himself during the past 12 months which has resulted in securing 41 new members.

He mentioned the committee on uniform legislation for the liquidation and rehabilitation of insolvent insurance companies of which Irving Waldman, New York City, is chairman. In his report Mr. Waldman said that the legislatures of Illinois and Vermont have enacted legislation similar to that of New York in respect to reciprocal liquidation of insurance carriers and expressed the belief that the missionary work done by

(CONTINUED ON PAGE 21)

Explains Changes Noted in the Casualty Field

B. K. Campbell of Seattle, manager of the northwest office of the National Bureau of Casualty & Surety Underwriters, spoke before the meeting of the Idaho Association of Insurance Agents at Sun Valley, Idaho, discussing the question, “Where are we going in the casualty insurance business?” He said that events of the past year and a half have raised innumerable speculative questions regarding the casualty business. There has been a great change in this field. The introduction of a safe driver reward plan seems to have set the stage for the most recent automobile rating plan. He said that plan has met with favorable public response. From a company standpoint the improvement in loss experience is remarkable. Recently the Washington State Agents League conducted a survey among their members and it was a surprise to opponents of this plan to find a number of agents advocating its use in Washington where there is practically automobile rate parity among all companies.

Caused a Sensation

The new automobile rating plan caused a tremendous sensation. Non-bureau companies claimed it was the start of a rate war. Insurance commissioners were alarmed that it would force small companies out of business. Others declared that it could not be justified. Mr. Campbell gave the reasons for this important move. He said that for the last 10 years the mutuals, reciprocals and non-bureau stock companies had made large increases in automobile premiums. Three devices have been used, dividends, excess commissions and rate differentials. During this period, he asserted, the only rates which were backed by a sufficiency of experience were those issued by the National Bureau. In addition some companies that had been members of the National Bureau withdrew, which made a decrease in the volume of experience used. New companies were formed and operating as independents, they accounted for a share of the writings. The problem of the uninsured motorists was a serious one. Considering all of these facts, Mr. Campbell said, it was essential that a change in rating private car business come about.

Bureau Companies Not Asleep

The National Bureau companies, he asserted, with some emphasis, have not been asleep. They have been watching developments intently and making statistical studies of all rating plans introduced. To his knowledge, he said, the bureau for the last five years has been collecting plans and experience. Requests of various insurance departments for certain rating plans have been investigated. A study disclosed, he said, that cars not used in business showed a loss cost of from 23 to 26 percent below cars used in business. The total volume studied amounted to \$25,000,000 in premiums. The new plan has only been introduced in so-called unregulated states. In regulated states or those where the bureau has based the rate on practically all of the automobile writings in the state, the plan has not been introduced.

Mr. Campbell said that in the unregulated states, the non-bureau stock companies and mutuals were rapidly taking a big portion of the automobile business, leaving the bureau inadequate experience upon which to base rates. For instance, in Washington in 1932, he reminded the agents that the bureau companies increased rates 30 percent. The non-bureau companies that had been 15 percent below their level to keep the same proportionate cut. The bureau business decreased until its companies only had about 25 percent of the business. Commissioner Sullivan was interested in stabilizing rates. The agents successfully requested the bureau to reduce rates to meet the non-bureau level. After another flare-up the bureau met another cut of 15 percent and since then there has been practically rate parity in Washington. This was a concerted action substantiated by the Casualty Insurance Association of Washington to overcome the reluctance of the bureau because its experience indicated higher rates were needed. Since rates were reduced, Mr. Campbell said, the National Bureau companies have increased the number of cars written from 15,022 to 25,784 in the state, and reduced the loss cost per car substantially from \$15.09 to \$10.61 in the state of Washington. Mr. Campbell feels confident that the Washington experiment aided the bureau companies in realizing that unless scientific rate making is based on a high percentage of total experience in a certain territory the rates produced are apt to be successfully undercut by plans devised to attract preferred business.

Rip Van Winkle Days Over

It is this awareness on part of the National Bureau companies, he said, which leads him to surmise that the seeming Rip Van Winkle days are over. Each week, he said, it seems a new coverage is developed. He called attention to four recent actions.

1. Grantors protective liability insurance covering bodily injury liability with respect to accidents which may occur after sale of property.

2. Automobile medical payments coverage, that is, coverage for guests.

3. Coverage for government or governmental subdivisions using government-owned automobiles.

4. Recent change in making a complete and more readily understandable owners, landlords and tenants' manual.

The agents, he said, should appreciate and support this effort by not undermining constructive programs and by not representing companies that have not contributed by word, deed or action to the best interests of the business.

Surety Situation on the Coast

Recently Mr. Campbell said, there has been quite an upheaval in the surety situation on the Pacific Coast. For a number of years the surety business was peaceful in operation, whereas the fire and casualty business was constantly disturbed by certain companies looking for an edge over competitors. At this time, he said, it is hard to discern the ultimate effect on the surety business, but close

(CONTINUED ON LAST PAGE)

Pink Says Definite Action Needed in Automobile Field

New York Superintendent Seems to Veer Toward Some Compulsory Form

RYE, N. Y.—Insurance Superintendent L. H. Pink of New York, in speaking before the Federation of Insurance Counsel this week, told about the various proposed plans of automobile liability insurance. He said that one of the major social problems of the day is the appalling number of deaths, bodily injuries and property loss caused each year by the automobile. For instance, in New York state last year there were 74,125 accidents, of which 2,353 were fatal. There were 2,528 deaths, 9,801 serious injuries, with 86,617 not so serious. There are 2,600,000 automobiles in New York. There is a substantial number of cars driven by several operators which makes an increased hazard.

Important Problem of Safety

Mr. Pink said that any plan of statutory automobile insurance should not overlook the larger and more important problems of safety. It is for this reason, he said, that thoughtful people have so highly regarded the experimental rating plans in effect differentiating the cost of insurance between those drivers who have had good records and those who have had bad accidents. The educational value of encouraging safe driving cannot be definitely measured but Mr. Pink believes that it is a substantial factor in rate making. One of the important problems, he said, which calls for a solution is the failure of voluntary insurance to cover more than approximately one-third of the automobiles. Entirely too many people, he said, are apparently willing to take a chance not only as to their own loss caused by their liability for damages but on the recompense of those they may injure by their negligence.

Three Major Plans

There are three major plans, he said, in the public eye. The first he refers to as the “broker's plan,” originated by the New York Insurance Brokers Association, requiring that all motorists who are not able to give evidence of financial responsibility through an appropriate deposit of cash or securities or a surety bond or a liability insurance policy, pay an additional fee of \$5 at the time of registration. This fee is to be placed in a compensation fund which will be used to defray as far as possible surgical and medical expense for automobile accident victims who could not recover in the customary way. Limits of \$300 were placed in the case of injury to one person but in fatal accidents the victim's dependents would receive up to \$600. The plan further required that the owner of the motor vehicle involved in an acci-

(CONTINUED ON LAST PAGE)

Compulsory Act Has Not Proved Success in Massachusetts

Ray Murphy Reviews the Experience After a Twelve Year Trial

HOT SPRINGS, VA.—A 12-year test of compulsory automobile liability insurance in Massachusetts has clearly demonstrated that the legislation materially increases insurance rates without reducing traffic accidents, Ray Murphy, assistant general manager of the Association of Casualty & Surety Executives, told the International Association of Insurance Counsel in annual convention here.

The experience of Massachusetts, lone state to adopt such a law, Mr. Murphy said, combines overwhelming proof that the public interest will be served best by united opposition to the extension of compulsory automobile liability insurance to other states, combined with an effort to perfect financial responsibility laws, which have been adopted in one form or another by 34 states, the District of Columbia, Hawaii and all of the English-speaking provinces of Canada.

Attempt at Legislative Solution

"The evil sought to be eliminated is recognized," the speaker declared. "It is not an evil for which the insurance carriers are responsible, any more than the churches are responsible for sin. Like sin, it can be eradicated finally when human perfection in all things can be reached. To attempt to solve it by legislation of the Massachusetts type is to bring about other evils which, it is submitted, are worse than the original evil."

Pointing out that when the Massachusetts law was first proposed its proponents contended that it would induce to accident prevention, Mr. Murphy said:

"That claim was soon abandoned and it is now universally conceded that such law is entirely inefficacious for such purposes. To the contrary, it is reasonable to believe that it rather tends to increase accidents by favoring the trouble breeders, generally, with indemnity insurance at the same rates as the best risks. However, such effect is a matter of opinion only and cannot be demonstrated by statistics. For, although the ratio of injuries reported to cars registered has increased much more rapidly in Massachusetts since the adoption of compulsory insurance than during the same period in states under the better and well administered financial responsibility law, the ratio of fatal injuries reported to cars registered in Massachusetts has not increased inordinately."

Massachusetts Statistics

"There is, however, a phenomenon in Massachusetts experience under compulsory insurance that is peculiar and of much significance, namely, a large and growing excess of claims filed over injuries reported, on top of an increase in the ratio of injuries recorded to cars registered. Here are figures, in Massachusetts: In 1927 (first year the law was effective), there were 826,795 registrations, 31,721 injuries recorded and 43,922 claims filed; in 1931, there were 1,010,526 registrations, 48,837 injuries reported and 66,900 claims filed; and in 1937, there were 1,085,869 registrations, 49,854 injuries recorded and 74,094 claims filed."

Mr. Murphy listed 15 primary faults of the Massachusetts experiment which

(CONTINUED ON PAGE 20)

Arkansas Claimants Share \$20,000 Chicago Lloyds Fund

Failure of an insurance company, with deposits in various states, can produce problems that may truly be described as headaches. The Arkansas supreme court has just had the problem of straightening out the Arkansas situation on Chicago Lloyds, in the case of Palmer, liquidator of Chicago Lloyds, vs. McDonalds.

Chicago Lloyds was refused a license in Arkansas. However, Lloyds America, now also defunct, won a suit against the insurance commissioner, and Chicago Lloyds made a new application on March 3, 1937, and certificate was issued April 19, 1937. On April 14, 1937 Chicago Lloyds, at Memphis, issued a policy to a Memphis company on trucks owned and operated by that company in Arkansas.

Treasury Bonds Instead of Surety

When Chicago Lloyds received its certificate it executed bonds of \$20,000 required by law to cover liability sustained in that state by its policyholders. Instead of a surety, it deposited \$20,000 in Treasury notes.

On Nov. 1, 1937, while the policy was in force, an Arkansas truck on the insured was involved in an accident in Arkansas, in which three persons were killed and 30 injured.

McDonald & McDonald, Memphis attorneys, M. W. Gannaway, an Arkansas attorney, Gouldman & Co., insurance adjusters, and C. E. Yingling, Arkansas attorney, were employed in settling the cases. A number of settlements had been agreed upon and drafts were drawn on Chicago Lloyds, when on Feb. 15, 1938, Chicago Lloyds was adjudged insolvent and ordered into liquidation in Illinois. The liquidator, Insurance Director Palmer of Illinois, immediately notified Canale & Co. that Chicago Lloyds would no longer defend the action growing out of the collision and that Canale & Co. should undertake settlement at its own cost and expense.

Canale & Co. paid certain drafts and settled pending suits at a total cost of \$29,337.

Attorneys Attached Deposits

On Feb. 14, 1938, the day before the liquidation order in Chicago, the attorneys and adjusters filed suit in Arkansas and attached the deposits in the hands of the insurance company, to cover their fees. On April 14, 1938, Elmo Walker was appointed receiver in Arkansas. On May 4, Liquidator Palmer filed an intervention in the attachment suit in which he alleged that Chicago Lloyds had issued no policies in Arkansas and that there were no creditors in that state. He asked that the \$20,000 in bonds be turned over to him. The attaching creditors' interests amounted to only \$7,000 and they consented to the release of \$13,000 in the Treasury notes, to be delivered to the Arkansas receiver. On May 17, 1938, the court entered an order consolidating the attachment suit with the receivership proceeding, and on Aug. 28 Canale & Co. filed its claim in the receivership proceeding.

It appears that the Memphis agents of Chicago Lloyds, who had written the policy, made a loan to Canale & Co. to aid in the settlement of claims, the loan to be repaid out of the anticipated collection of the insurance policy. The court saw no significance in this.

Lawyers Come First

The lower court ruled that the attaching creditors were entitled to payment in full, and that the balance of the \$20,000 was applicable to the Canale & Co. claim. The Illinois liquidator asserted that neither the lawyers nor Canale & Co. were entitled to any benefit under the \$20,000 of bonds deposited in Arkansas, because they were not Arkansas claimants.

On appeal the supreme court ruled

Counsel Federation Man Who Is at the Throttle

At the annual meeting of the Federation of Insurance Counsel at the Westchester Country Club, Rye, N. Y., this week, John A. Millener, well known insurance attorney of Rochester, N. Y., was acknowledged to be the power behind the throne. He is the executive secretary of this organization, and was its chief founder. He supplies the sinews of war, assists in getting up the program, carries out the details and sees that the machinery is running in good shape. He is general counsel of the Columbian Protective. He is a graduate of the Law College of Syracuse University. He served as president of the International Claim Association in 1922-23. He organized the International Association of Insurance Counsel and was its secretary and treasurer from 1920 to 1935.



J. A. Millener

that all of the claimants were entitled to share in the Arkansas deposit, because their claims arose in that state under the Chicago Lloyds policy within the terms of the bond. It ruled, however, that the lawyers and adjusters were not preferred over Canale & Co., but that all should share ratably in the \$20,000. It further held that part of the fee claimed by McDonald & McDonald was earned in cases outside of Arkansas, and that only the fees earned on Arkansas cases could be included. Further, the fee of the receiver was reduced to \$1,000. With these modifications, the bonds or their proceeds were ordered distributed ratably among the creditors named.

One of the points raised was the allegation that Canale & Co. were not entitled to share in the distribution because they were "members" of Chicago Lloyds. The supreme court briefly dismissed this objection.

True Bills Against Tex. Operator

Two indictments have been voted against Olen Parmeter, disbarred Dallas lawyer, for embezzlement in connection with the failure of First States Indemnity. Attorney-General Mann of Texas is seeking to forfeit the charter of First States Indemnity. Parmeter was treasurer of the company. In the action to forfeit the charter, the attorney-general stated that First States Indemnity had \$3.13 cash and \$17,488 deficit. Parmeter has served sentences in three penitentiaries.

Mass. Bonding Contest Successful

Massachusetts Bonding, it is reported, is experiencing very good results in its "March of Progress" new business campaign, which began July 1. With the halfway mark reached, it is said that premium volume is exceeding expectations.

The contest is the only one the company has run in which credit is given for sales of all classes of business, with 100 points awarded for each unit of \$15 in new premiums written between July 1 and Oct. 31, and 100 points for each unit of 10 applications for new business. All policies and endorsements must become effective during the period of the campaign. Merchandise prizes will be available according to the number of points each agent makes.

Managers to Hold Outing Sept. 14

The Casualty Managers Club of Chicago is holding its annual outing at the Elgin Country Club Sept. 14. There will be lunch and dinner and a golf tournament with many prizes.

Background Shown to Casualty and Surety Business

Vice-president Caverly of the Fidelity & Casualty Gives Illuminating Review

WHITE SULPHUR SPRINGS—Vice-president R. N. Caverly of the Fidelity & Casualty, in his talk before the International Association of Insurance Counsel this week told something of the background of the casualty and bonding business in this country. Insurance and the giving of bonds in some form or other is nearly as old as civilization itself, he said, but it was conducted on a personal basis, very largely as a matter of accommodation from one friend to another and not as a business. Personal accident insurance, he said, was a forerunner of a group of coverages now ordinarily written by casualty companies. Its birthday is traceable to the invention and development of steam railways. J. G. Batterson, a Connecticut building contractor, was on a pleasure trip in England and while making a journey on a train purchased one of the new accident tickets. He returned to Hartford, called a meeting of some of his friends and invited them to become stockholders of the company. Thus the Travelers was formed in 1864.

Multiple Line Insurance

Multiple line insurance including the bonding line came into existence with the organization of the Fidelity & Casualty in 1878. A special act was passed by the New York legislature in 1853, but there was no company organized and continued in operation until the Fidelity & Casualty was launched. The Hartford Steam Boiler wrote only boiler insurance. There were some others writing only plate glass and a few writing personal accident in addition to the Travelers. The executives of some single line companies, Mr. Caverly said, threw up their hands in horror that any group of business men should have the temerity to attempt to underwrite all casualty lines under one management. The Fidelity & Casualty proceeded not only to develop business in all of the lines then written by other companies but also originated new ones. In 1881 it wrote the first fidelity coverage ever seen in America. It later originated health insurance and in 1892 initiated the first successful attempt to write burglary.

Third Party Liability

Third party liability insurance was developed, in this country very largely first, by the Employers Liability. The first third party liability policy issued in this country was in 1886. For a long time public liability coverage was written by adding an endorsement to the employers liability policy. Other companies soon entered into the employers liability lines. The American Mutual of Boston was organized in 1887 and was the first mutual company to engage in casualty business. There was no systematic method of making rates for employers liability. Eventually a conference plan of making rates developed which through successive stages has eventuated into the National Bureau of Casualty & Surety Underwriters.

Vehicle insurance covering teams and trolley cars followed employers liability and public liability. The Fidelity & Casualty, he said, pioneered again in this line. It issued the first vehicle policy ever written in this country, which was

(CONTINUED ON PAGE 30)

Automobile Rates Being Reduced in New York State

Superintendent Pink Announces Changes That Go Into Effect Sept. 1

NEW YORK—L. H. Pink, superintendent of insurance, has announced a reduction in the automobile liability insurance rates for private passenger cars in New York State as filed by the National Bureau of Casualty & Surety Underwriters and the Mutual Casualty Insurance Rating Bureau. This reduction follows the action taken by Superintendent Pink last May when, with a view to securing a prompt saving in the rates paid by private passenger car owners, he directed all companies to file the detailed experience upon which rate revisions are based by June 1, 1939, so that a revision could be completed by Sept. 1.

The changes vary in the different sections of the state depending on the cost of insurance in the particular territory, but for the state as a whole there will be a reduction of approximately 10%. The new rates will become effective Sept. 1 but are made retroactive so as to apply to policies which became effective on and after July 1.

New Rating System

Mr. Pink has also announced that simultaneously with the establishment of the revised rates there will go into effect a new system for rating private passenger cars. This has been worked out by a committee representing both the stock and mutual rating bureaus. There were many different points of view to be harmonized and the superintendent believes that the committee has carried on its work in a thorough and public spirited manner. The object of this new system is to base the cost of insurance more nearly in accordance with the insured's exposure to hazard. To attain this result three classes of private passenger cars have been set up for rating purposes. The classes are known as A-1, A and B. Classes A and A-1 comprise those automobiles which are not used in business except in going to and from one's place of employment, whereas Class B comprises private passenger cars which are used in business. Private passenger automobiles owned by farmers and clergymen come within Class A and those owned by corporations and partnerships fall within Class B. Class A-1 differs from Class A in that to come within the former the owner must show that the automobile was not operated more than 7500 miles during the past year and will not be operated more than that distance during the ensuing year. An additional requirement is that the car must be operated by not more than two members of the owners household, neither of whom is under twenty-five years of age. The owners of cars in Class A-1 pay the lowest rate while those in Class B pay the highest rate.

Thirty-eight Districts

The new rates will not be the same for all sections of the state because the state is divided into 38 districts for rating purposes and the rates in each district will depend upon the experience in the particular district. In those territories where the experience has shown a real improvement the rates for all three classes are lower than those in effect during the past year. The rates for cars in Class A-1 will be lower in all parts of the state. With a single ex-

Claim Men Arrange for Their Meeting

Program Is Announced for the Annual Convention of the International

The International Claim Association has announced the program for its annual convention to be held at the Westchester Country Club, Rye, N. Y., Sept. 11-12.

Superintendent L. H. Pink of New York will give the welcome address. F. B. Wilde, president Connecticut General Life, will have as his subject, "Claims, Claim Men and Public Relations." He is chairman of the new Institute of Life Insurance. Dr. Edgar Mayer, professor of internal medicine Cornell University Medical College, will discuss "Respiratory Diseases." H. C. Walters, Detroit attorney, will present a paper on "Materiality of Misrepresentation." Dr. William B. Smith, assistant medical director Connecticut Mutual Life, will conduct the medical question box. Dr. W. E. Hein, supervisor of claims State Mutual Life, will have as his subject, "Rehabilitation of Disabled Policyholders."

Committee Chairmen

The program committee is headed by G. M. Day, Connecticut General Life. J. D. DeWitt, Travelers, is chairman of the entertainment committee and T. L. Anderson, Federal Life of Chicago, hotel accommodations. Four new companies will be elected members.

One of the important entertainment features will be a trip by buses to the West Point Military Academy. This is scheduled for the first afternoon. The visitors will witness the evening parade of the Cadet corps. The first business session will start at 9:30 a. m., Sept. 11. There will be no sessions during the afternoons.

A. G. Fankhauser, chief adjuster Continental Casualty in Chicago, is president and will preside over the business sessions. R. S. Taylor, Sun Life of Canada, is vice-president, and L. L. Graham, Business Men's Assurance, secretary. F. L. Templeman, manager of the accident and health department of the Maryland Casualty, is treasurer, and Daniel Reidy, assistant secretary Guardian Life, chairman of the executive committee.

The same will be true of cars in Class A. In some territories where the experience has not shown an improvement the rates for the Class B or business use cars have undergone some increase. However, inasmuch as the non-business use cars represent approximately 85% of the total number of private passenger cars insured in this state, it is apparent that the great majority of private car owners will enjoy a substantial saving in the cost of their automobile insurance.

Preferred Risk Rating Plan

The new rating system provides for a continuation of the preferred risk rating plan which went into effect in 1938. Under that plan the amount of the premium paid varies with the accident record of the automobile. It serves as an incentive to car owners to prevent accidents, because in that way they can avoid paying higher premiums.

Malpractice for Veterinarians

An inquiry has been received as to whether there is any company that writes malpractice insurance for veterinarians. So far as can be ascertained, there is no American company that writes such a line, but London Lloyds is said to offer a market. The inquiry was prompted by the desire of the proprietor of a so-called dog hospital for such insurance.

International Body Now at Hot Springs

Insurance Counsel Members Are Holding Their Annual Meeting

HOT SPRINGS, VA.—The International Association of Insurance Counsel is holding its annual meeting here this week. Some of the main speakers are P. H. Eager, Jr., of Jackson, Miss., R. W. Shackelford, Tampa, Fla., A. D. Christian, Richmond, Va., Ray Murphy, assistant general manager Association of Casualty & Surety Executives, Malcolm McDermott, professor of law and director of legislative research Duke University, and Vice-president R. N. Caverly of the Fidelity & Casualty.

More than 200 had registered prior to roll call. President Milo H. Crawford, Detroit, presided over the opening session.

In the absence of Governor Price the association was welcomed by Frank W. Rogers of Roanoke. Response was made by J. Roy Dickie.

Mr. Crawford told of the activities of the executive committee and the various legislative committees.

Present membership is about 1,300. The only paper of the Wednesday morning session was read by Pat H. Eager, Jr., of Jackson, who spoke on responsibility of charitable institutions for tort. He concluded that a reasonable rule would be that such institutions are not liable in tort except for the negligence of its governing officers or its management.

President Crawford appointed the nominating committee with Willis Smith, Raleigh, as chairman.

R. W. Shackelford's Address

A number of aspects of the federal declaratory judgment act were discussed by Mr. Shackelford. One of the most important questions is whether a court has discretion to refuse to entertain declaratory judgment procedure. He maintained that the trust law is that the remedy is not discretionary, but mandatory, when the proper effects are presented, although there is some dissent from lower courts, based to some extent upon state court decisions under similar state acts and the matter has not been conclusively determined. In jurisdictions where the court is vested with discretion, decisions agree that this must be liberally and not arbitrarily or capriciously exercised. Another adequate remedy is good reason for exercise of discretion, but it must be a pending action and not a legally existing right which is not as yet crystallized into suit. There is a question as to whether a pending action in a state court will bar proceedings in the same matter in a federal court having proper jurisdiction. Mr. Shackelford's conclusion was that the pendency of another action would not necessarily constitute sound judicial reason for the dismissal of a declaratory judgment suit, but it may constitute the basis for the exercise of discretion in staying the proceedings.

Interesting Question at Issue

A problem which has not been completely answered as yet is whether the burden of proof in a declaratory judgment action through which the company seeks to establish that it is not liable under a policy rests upon the company or upon the defendant. While the usual rule is that the burden of proof rests upon the plaintiff, in cases such as these the plaintiff would normally be the defendant if he waited for the assured to start suit. Mr. Shackelford maintained that where the insurance company's position is negatively defensive, imposing the burden of going forward with the evidence on the company, would amount to putting the legal cart before the horse.

Mutual Form Covers Car Guests and Pedestrians

Medical Expense Payment Endorsement Broader Than Stock Company Plan

The American Mutual Alliance has furnished to its companies a form of endorsement to the automobile liability policy, taking care of the medical, hospital, surgical, etc., expenses of pedestrians and occupants of the insured car that are injured and the funeral expenses of those killed, regardless of fault on the part of the driver. No benefits would be paid to those in other cars that are injured or killed.

The American Mutual Alliance is recommending that its member companies offer such insurance and it is expected that the companies individually will seek to have the endorsements approved in the various states.

That the mutual companies would come out with such a form has been anticipated for several weeks, ever since the stock companies got out a form of endorsement covering the occupants of the insured car, other than the driver, regardless of fault.

Will Offer Two Forms

The mutuals will offer this type of endorsement as well as the broader form, protecting pedestrians as well. The limits of coverage are to be \$250 or \$500 under the mutual forms, as they are with the stock companies.

The mutual companies also intend to go farther than the stock companies, if they can get the permission of the state, by making the protection run to the insured motorist himself, as well as the other occupants of the car and pedestrians.

American Mutual Alliance states that in the six rate regulated states it will probably be necessary for the stock and mutual companies to agree upon a single endorsement form and a single set of rates in order to get the approval of the insurance authorities. These states are New York, Oklahoma, Virginia, Louisiana, New Hampshire and North Carolina.

The rates for the mutual contracts have not been announced, but American Mutual Alliance estimates that they will range from about one-tenth to one-third of the present auto P. L. rates, depending upon the scope of the coverage that is selected by the policyholder.

The American Mutual Alliance offers its members the privilege of selling either of the medical expense payment coverages as independent contracts to those who do not carry regular automobile P. L. insurance. Some of the mutual companies, it is understood, intend to make a test in certain localities to determine whether this limited form of coverage can be sold to a considerable portion of the motorists who carry no form of third party coverage, claiming that they are unable to afford it. The rules of the stock company organization provide that the medical expense form for guests can be sold only by way of an endorsement to the auto P. L. policy.

Meet on Chicago Cost Issue

NEW YORK—A meeting of the entire membership of the surety acquisition cost conference will be held here Sept. 11 to review the recently adopted Chicago agreement and to become operative Sept. 30. E. J. Schofield, manager of the conference, who is now on his vacation, is due to return next Tuesday.

Mass. Accident in Rehabilitation

BOSTON—The appointment of Commissioner Harrington as permanent receiver of Massachusetts Accident under the rehabilitation act was made by Supreme Judge Lummus here Wednesday.

In response to requests of policyholders in court as to the reasons given for asking receivership proceedings, Judge Lummus stated:

"It was given to me that the company had a large amount of so-called non-cancellable business on its books and it was inevitable that as ages of insured increased and the liability became greater, that bankruptcy of the company would eventually result. It was expected that by applying the new rehabilitation act that the non-cancellable business might be liquidated on an equitable basis, and since the legislature has seen fit by the act to name whom I shall name as receiver I have no other choice."

Mr. Harrington, following appointment as permanent receiver, stated he had every expectation of being able to readjust matters so that Massachusetts Accident would be able to operate in a normal and satisfactory manner.

Statement by Harrington

"The Massachusetts law," he said, "is copied from the American Bar Association model bill which follows closely the California law with some modifications. The constitutionality of the measure has been tested in the highest courts and applied to this case it should furnish us with a sure means of solving the problem of Massachusetts Accident."

The commissioner, acting under the newly enacted insurance company rehabilitation statute, petitioned the supreme court to place him in charge.

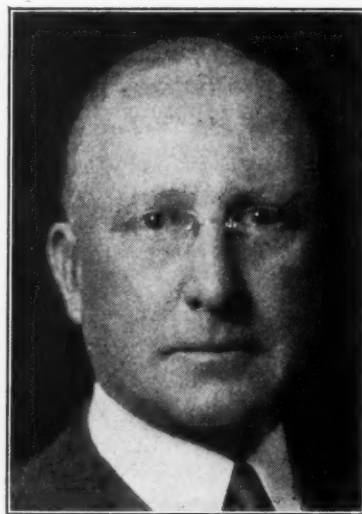
"The statute enacted by the last legislature in Massachusetts, under which the Massachusetts Accident is now operating, provides that courts may authorize the commissioner of insurance 'to take possession of all the property and effects of the company and to conduct its business for the purpose of rehabilitating it by taking such measures as may be proper to eliminate the causes and the conditions which caused the institution of such proceedings.' It is well known that the Massachusetts Accident, the pioneer company in the field of writing non-cancellable accident and health insurance, has been finding it difficult to overcome a high loss ratio on this business. Inadequacy of reserves for non-cancellable business now on the books has been at the bottom of the company's difficulty."

Current Operations Continue

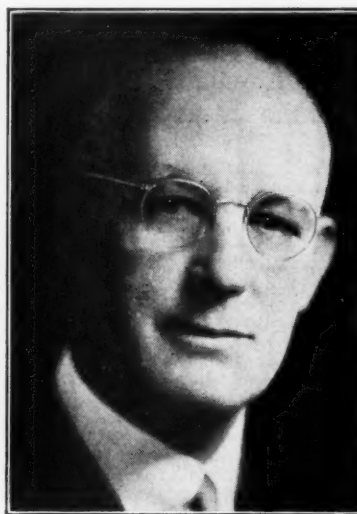
The current business operations of the Massachusetts Accident continue without interruption. No question has been raised about the cancellable business of the company, which has been showing substantial growth in the last three years. The company continues to accept and handle business without any restrictions in this field. Since no non-cancellable business has been written since 1935, the development of new business on the part of the Massachusetts Accident is not restricted by the legal action taken. Nor is there any expectation that anything will be done to affect the carrying on of this business in the normal way. There is every reason to believe that only the non-cancellable business will be affected.

Just what procedure the insurance commissioner will follow "to eliminate the causes and the conditions which caused the institution of the rehabilitation proceedings" cannot now be known. However, the fact that the commissioner brought the proceedings under the rehabilitation statute and the attitude of Mr. Harrington, known to be favorable towards conserving the interests of all those involved, policyholders, as well as Massachusetts institutions and employees, is good evidence that a solution will be sought and found for maintaining company operations. Recent cases of re-

WILL GIVE WELCOME ADDRESSES



CLIFF C. JONES, Kansas City



FRED R. LANAGAN, Denver

At the annual convention of the National Association of Insurance Agents at Boston the week of Oct. 2, John W. Downs, general counsel of the Massachusetts Insurance Federation, and an authority on compulsory automobile insurance, will develop the subject with which he is so well acquainted. Since compulsory automobile insurance measures are being brought up in practically every state legislature annually, and considering that Mr. Downs will be discussing the subject before agents from all points of the country on the ground that has witnessed the operations of the only state compulsory law, his remarks will be of general interest. He will present concrete arguments to meet compulsory insurance legislation. Cliff C. Jones of Kansas City, former president of the National Association of Insurance Agents, will bring greetings from the National Association of Casualty & Surety Agents, of which he is president.

Fred R. Lanagan of Denver, president of the Daly General Agency and president of the American Association of Insurance General Agents, will speak for his organization.

habilitating insurance companies in New York and California have shown clearly that policyholders themselves are likely to be best protected in this way.

It is presumed that as soon as Commissioner Harrington is placed in complete charge this week, he will appoint a committee taking in stockholders, policyholders and state representatives to consider what is to be done. The closest precedent to the case is that of the Pacific Mutual. In that case the company has continued to function completely in the field of cancellable business but its non-cancellable benefits have been scaled down according to a formula based on the rates paid and non-cancellable policyholders are given preference to stockholders' interests but there is no jeopardizing of the structure of the business organization as a going concern.

The record of the company during the last few years in development of business in the cancellable field, although operating in a much smaller territory than was occupied while writing both non-cancellable and cancellable, has been noteworthy. In 1938 there was a gain of about \$100,000 in cancellable premiums and for the first seven months of 1939, the company showed a gain of \$71,000 on cancellable premiums. Here is the record of net premiums written and losses paid on the cancellable business for the last five years:

Year	Net Prems. Written	Losses Paid
1934	\$601,346	\$331,632
1935	566,303	328,132
1936	593,093	332,814
1937	599,592	319,202
1938	691,956	328,935

Non-cancellable Business:

Year	Net Prems. Written	Losses Paid
1934	\$766,435	\$578,748
1935	741,690	516,105
1936	675,926	522,644
1937	536,924	463,991
1938	485,128	401,064

During the first seven months of 1939 the non-cancellable premiums went down about \$26,000 as compared with the same period in 1938.

The present agencies of the company have understood that the company was having difficulty because of its non-cancellable business, for this has been

widely publicized for several years. On the part of many of these representatives there was no great shock at the news that the Massachusetts department had taken over the company for rehabilitation. The agency force continues to function in a normal way in the 12 states in which the company is licensed: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Pennsylvania, Delaware, Maryland, District of Columbia.

(CONTINUED ON PAGE 32)

Sustains Policy Limit of \$5,000

The \$5,000 limit in an automobile liability policy was sustained by the Nebraska supreme court in *Wilson vs. Capital Fire*, a case in which husband and wife brought separate suits for injuries to the wife, and the husband also claimed minor injuries to himself and damages to his automobile. The wife won a judgment of \$5,000 and this was paid by the insurance company. The husband later won a judgment for \$4,000, which was allocated, \$250 for his personal injuries and \$25 damages to the car, leaving \$3,725 as his damages because of his wife's injuries. He brought suit against the insurance company, seeking to recover under the second limit. The company admitted liability for \$250 and \$25, but denied liability on the \$3,725. The supreme court ruled that the latter sum was based on the bodily injuries of the wife, and as the company's liability was limited to \$5,000, and that sum had already been paid on the same injuries, the husband could not recover on that item.

A curious angle of the same rule was applied by the Tennessee court of appeals in *Yancey vs. Utilities Ins. Co.* In the Tennessee case the wife secured a verdict of \$7,500, and the insurance company paid \$5,000. The husband also brought suit against the insured, claiming damages for bodily injuries sustained by him and also property loss sustained by him on account of the injuries to his wife. He won a verdict of \$2,500, which, however, was a lump sum verdict and did not show how much of the award was on account of his bodily injuries and how much was on the loss he sustained on account of the injuries to his wife. The insured paid the husband's judgment and then sued the insurance company to recover. The court said that it was the duty of the insured to show what part of the \$2,500 judgment was covered by the policy (under the second limit) and as he was unable to do that, he could not recover anything on the husband's judgment.

Aetna Casualty Figures

Aetna Casualty as of June 30 shows assets \$64,333,211, capital \$3,000,000, net surplus \$16,555,278, income \$20,327,581, disbursements \$15,260,583.

Examination Report of Pacific Mutual

The regular triennial convention examination of the Pacific Mutual Life as of Dec. 31 has been completed. Seven states participated and the report reflects 5½ months of thorough and comprehensive study. It is interesting to note the report of the company itself and the report of the examiners on three major items, assets, liabilities and surplus, as follows:

Assets			
Department	Per Company	Per Examiners	Increase by Examiners
Participating	\$145,273,053	\$145,336,621	\$ 63,567
Non-participating	56,009,788	56,067,301	57,513
Accident & Health	26,864,420	26,927,412	62,992
Corporate	4,634,479	4,669,403	34,930
Total	\$232,781,741	\$233,000,745	\$219,003
Liabilities			
Participating	\$144,831,947	\$144,969,186	\$137,239
Non-participating	56,009,788	56,067,301	57,513
Accident & Health	26,864,420	26,927,412	62,992
Corporate	1,000,000	1,112,905	112,905
Total	\$228,706,155	\$229,076,805	\$370,649
Surplus			
Participating	\$ 441,106	\$ 367,434	\$ 73,671*
Non-participating	3,634,479	3,556,504	77,974*
Corporate			
Total	\$ 4,075,585	\$ 3,923,939	\$151,646*

The remarkable feature of note is that since the last convention examination three years ago, with more than \$230,000,000 of assets it has emerged with a net change of but \$151,646 in surplus account. With respect to adjustments in assets and liabilities, a substantial portion of the increase in each of these amounts is the result of interdepartment adjustments that is, transfers of entries from one department to another by the examiners. The net effect, therefore, is an increase in assets amounting to \$71,169 and \$222,815 in liabilities. The asset increase results chiefly from the fact

that the examiners calculated the value of stocks of the accident and health department at market price instead of the convention method followed by the company. The increase in liabilities arises principally from an addition to investment contingency reserves, as a consequence of the examiners using a different method of valuing stocks, non-amortizable bonds, and certain pieces of property. The examiners in their summary say, "Our examination of this company indicates that the management is pursuing sound and conservative policies in the operation of the company."

ACCIDENT AND HEALTH

Cornett Names Walters and Long Special Representative

W. B. Cornett, president National Accident & Health Association, has appointed Fred M. Walters, joint superintendent accident and health department General Accident, Philadelphia, and Roy J. Long, Detroit, Michigan manager Great Northern Life, special representatives of the National association.

It is announced that both Mr. Walters and Mr. Long have volunteered to devote as much time as possible during their travels in organizing local associations. Mr. Walters will contact some of the accident and health men in Greensboro, N. C.; Atlanta and Jacksonville on his next trip south, which will be within the next few weeks. Mr. Long will be assisted in Michigan by Earl Brink, manager Mutual Benefit Health & Accident, and Glenn Reitzel, Michigan Life, in organizing local associations in Grand Rapids, Lansing, Kalamazoo, Jackson and Flint.

The National association hopes that a number of agency supervisors, managers and general agents will volunteer to help in putting its organization program across this year.

Sidney Howard, Playwright, Had \$75,000 Principal Sum

Sidney Howard, the playwright, who was crushed to death last week by his farm tractor had \$75,000 in principal sum benefits on his accident policies. They also carried large weekly indemnities. Most of the coverage was issued this year.

Mr. Howard, whose farm was near Tyringham, Mass., was pinned against the wall of a barn after he cranked the tractor without realizing that it was in gear. He was killed outright.

Gentlemen farmers present a higher degree of accident hazard than might be expected. While it might be thought that they would be less subject to danger than the average business man, who is dodging city traffic, the gentleman farmer, especially one who never lived or worked on a farm before, is constantly subject to danger because he is meeting new situations and often is not fully aware of the risk involved.

Illinois Bankers Issuing Complete Protection Form

Illinois Bankers Life at its Leaders Club convention in Chicago this week announced a new form, the "Golden C" contract, providing complete coverage in a combination of life and accident and health insurance. It is similar to contracts sold by a number of life companies which have accident departments. Due to the combination with life insurance, 31 days' grace period is granted on the accident and health portion as well. Amounts of monthly indemnity and principal sum may be varied to suit the individual needs. Immediate settlement is offered for specific injuries and also medical, hospital and surgical benefits, and emergency aid, with waiver of premium if disability is total and permanent. Four forms of indemnity are offered. The premium rate in the AA form for males only, with \$1,000 principal sum and \$100 monthly indemnity is: Regular form with seven days' waiting period on illness and covering from commencement of accident disability, ages 18-50, \$31.40; ages 51-55, \$38; and special form, covering illness from first call of physician and accident from commencement, \$38 and \$46, respectively. The accident and health premium is in addition to that for the life insurance.

A. G. Crimmins, Phoebus, Va., won presidency of the Leaders Club with about \$7,500 paid premiums. E. P. Bock was elected vice-president with more

President Honored for 35 Years of Service



CLYDE W. YOUNG

The directors and officers of the Monarch Life of Springfield, Mass., tendered President C. W. Young a dinner in celebration of the completion of 35 years of service in the company.

G. W. Gordon, vice-president and general counsel, presented Mr. Young a testimonial plaque memorializing his association with the company. Mr. Gordon also presented on behalf of the home office and field employees and agents, a suitably inscribed volume containing the photographs of the officers and directors, a short biographical sketch of Mr. Young and a record of all Monarch Life employees and agents listed by length of service.

Mr. Young, a native of Columbus, O., is the oldest employee of the company in length of service. He began his association with the Monarch Aug. 15, 1904, three years after it was incorporated, serving in various capacities until his election as a director in 1908. In 1911 he was elected treasurer, serving in that capacity until 1921, when he became secretary-treasurer. Mr. Young continued as such until 1925, when he was elected president following the death of S. W. Munsell.

than \$9,000 premiums in the commercial accident and health division, and S. V. Hott, Akron, O., vice-president in the intermediate accident and health division, was first on the three points of increase, renewal and claim records.

Not Following Metropolitan on Death, Dismemberment

There seems to be no disposition to follow the lead of the Metropolitan Life in discontinuing the principal-sum-only accident contract. However, all companies are wary in underwriting it and none will take big limits. Today nobody wants to participate in a total line which runs over \$100,000, although it used to be possible to get \$300,000 or \$400,000. London Lloyds is about the only market for large contracts of this type.

Redfield Group Shows Increase

Redfield Associates, Chicago, managers for Mutual Benefit Health & Accident and United Benefit Life, showed a healthy increase in paid business for the first eight months as compared with 1938. Health and accident is up 23 percent and paid for life is up 16 percent.

August showed a 70 percent increase over August of last year.

Four full-time men have been added to the staff in the last three months.

Heischel Lamme has been made cashier and agency assistant. Mr. Lamme, who graduated in law from the University of Nebraska, spent two years in the home office of Mutual Benefit Health & Accident before going with the Redfield agency.

Woodmen Accident Iowa Rally

DES MOINES—At one-day meeting here of 75 leading Iowa agents of the Woodmen Accident, its new fall advertising campaign was explained by home office executives. Attending from the home office were President E. J. Faulkner, Vice-president R. W. Faulkner,

H. E. Hall and T. E. Gillaspie, field supervisors.

Two New Conference Members

The Ohio National Life of Cincinnati and the Northern Life of Seattle have been admitted to membership in the Health & Accident Underwriters Conference.

The V. C. Peterson Co., Marshalltown, Ia., has been appointed district agent of the Mutual Benefit Health & Accident and United Benefit Life. O. P. Wright will handle the insurance department.

CHANGES IN CASUALTY FIELD

Employers Opens R. I. Department

The Employers group is opening a Rhode Island department, under the supervision of A. D. Boutillier as resident manager, with offices in the Turks Head building, Providence.

Mr. Boutillier has been with the Employers over 30 years as counterman, payroll auditor, special agent, agency supervisor and more recently assistant manager of the New England department. As payroll auditor and special agent he traveled Massachusetts, New Hampshire, Vermont and Rhode Island. As agency supervisor and assistant manager he was in constant touch with agents in Rhode Island and elsewhere.

Complete claim, payroll audit and engineering department facilities will be available in the Rhode Island department office.

H. T. De Bar in Illinois for L. & L. Indemnity

Harry T. De Bar has joined London & Lancashire Indemnity as special agent in Cook county and downstate Illinois. London & Lancashire Indemnity heretofore has not had a special agent in the territory. The traveling has been done by Manager J. M.

Fraser and Special Agent W. J. Olson. Mr. De Bar was in the Illinois field for a good many years in Commercial Casualty. Until this spring he was traveling in the same territory for Massachusetts Bonding. Since then he has been in business for himself.

Luling State Agent for Garrett

C. H. Luling, for the past five years Topeka branch manager of the Mercer Casualty, has been appointed Kansas state agent of the T. W. Garrett, Jr., General Agency, Kansas City, with headquarters in Topeka. He is the son of an early Kansas insurance commissioner and has been active in the Kansas field since 1915, with the old Kansas Casualty & Surety of Wichita, Dulaney, Johnston & Priest, and the Aetna Casualty.

Employers Mutual Expanding

WAUSAU, WIS.—The Employers Mutual Liability has announced plans for further expansion in the south, west and east, with branches tentatively scheduled to be opened in Denver, Dallas, Atlanta and several other centers.

It has branches in New York, Boston and Philadelphia on the east coast, and in Los Angeles and San Francisco on the Pacific Coast, and has recently opened offices in Rochester, N. Y., Buffalo, Charlotte, N. C., and Greenville, S. C.

WORKMEN'S COMPENSATION

Accident Rate Up Presaging Gain in Comp. Premiums

NEW YORK—Casualty companies are noting a definite increase in compensation accident frequency and the fact that it is general and not confined to any particular section of the country is taken as indicating that premium income will shortly increase. There is always a lag between accident frequencies and premium increases or decreases due to payrolls increasing or decreasing. At least one company has found that its latest figures on payrolls and premium volume show an increase.

Effect of European War

A European war would undoubtedly speed up the increase. The effect of a war, after an initial period of confusion and readjustment in this country's industries, would be to cause a boom no matter what kind of neutrality legislation might be enacted. While actual munitions or implements of warfare might be put under an embargo, these represent only a fraction of materials needed by other countries which would be bought here. Vast amounts of goods eventually destined for England would undoubtedly be shipped to Canada.

One effect of a sudden return to prosperity, whether due to war or other causes, would presumably be an increase

in accidents caused by new operators of machines and other employees being inexperienced.

Accident Prevention Course at New York University

Industrial accident prevention will be the subject of a 15-week symposium at New York University this fall, presented cooperatively by the college of engineering and the division of general education.

Lectures on the most prevalent causes of accidents, methods of combatting accidents, legal and insurance aspects of industrial safety and techniques of employee safety-training will be included. The cooperating committee which assisted in preparing the curriculum includes J. A. Burbank and H. W. Heinrich, Travelers; G. B. Butterfield, Hartford Accident; W. G. Cole, Metropolitan Life; J. H. Harvey, National Conservation Bureau; Holger Jensen, Maryland Casualty; G. M. McAlinsh, American Mutual Liability; W. S. Paine, Aetna Life; D. L. Royer, Ocean Accident, and Roger Williams, state insurance fund.

Probe Ohio Fund Affairs

COLUMBUS—Acting under an opinion from the attorney-general, the Citizens Tax League of Ohio has begun an audit of affairs of the state industrial commission. The league will seek to prevent "pawing" through the commission's files by ambulance chasers, and

also will try to prevent what it calls the overpayment of claims. An effort will be made to ascertain the value of securities held by the commission, which are put down by the commission at \$53,000,000. The league will also try to find out why recommendations made by experts in the last few years have been ignored. S. P. Bush, president of the league, is quoted as saying that payroll appropriations for the commission have mounted since 1935 from \$680,598 to \$1,014,262.

Illinois Compensation and O. D. Rates Increased 6.1%

The Illinois compensation and occupational disease rates have been increased to reflect the amendments to the law liberalizing the benefits. The compensation rates are increased by various percentages, according to class, but the average increase is estimated at 6.1 percent. There is a flat 6.1 percent increase in the occupational disease rates. The rate increase is retroactive to July 1 and is applicable to existing policies, except those expiring Sept. 1 or earlier.

The amendment to the law increased by 10 percent the weekly indemnities.

The death benefits were not increased.

Section 8 of the Illinois standard compensation endorsement provides that the rates on existing policies may be changed if amendments to the law are enacted, liberalizing the benefits.

Boost Oklahoma Rate 3.9%

OKLAHOMA CITY—In the annual revision of compensation insurance rates, approved by the Oklahoma insurance board, Aug. 16, an increase of 3.9 percent in the general schedules and rate modification is shown. Adjustments were distributed over the entire classification schedule, in keeping with the underwriting results on each classification. The new rates became effective immediately.

Start on Minnesota Revision

ST. PAUL—Revision of compensation insurance rates for Minnesota for 1940 is getting under way. The experience data is now being compiled by the rating bureau and the compensation insurance board but will not be complete for several weeks yet. The rating committee of the bureau met last week for its regular monthly meeting. For the past three years compensation rates have been reduced in Minnesota.

years ago, the legislature enacted a law empowering the governor to create a special fund through which such protection would be issued at his discretion. The act is still in force but it has never been applied, surety companies having decided to write the bonds. The bill now offered is not an administration measure and is not likely to be given particular consideration.

COMPANIES

Hardware Indemnity Capital Up

The Hardware Indemnity, organized a few months ago by the Minnesota Hardware Mutual Fire, has increased its capital from \$200,000 to \$400,000. It is a stock company, operating on the participating plan.

Mid-America in Missouri

Mid-America Casualty of Cedar Rapids, Ia., has entered Missouri and will write all casualty lines in the state. It recently was purchased by T. W. Garrett, Jr., Kansas City general agent, and his associates.

Commercial Standard Capital

An error occurred in reporting the mid-year figures of Commercial Standard, as taken from the report filed with the Georgia insurance department. Capital of Commercial Standard amounts to \$500,000, rather than \$300,000, as printed.

Maine Merger Approved

PORTLAND, ME. — Stockholders this week approved, effective Sept. 1, merger of Union Safe Deposit & Trust Company of Delaware and Maine Casualty into Maine Bonding & Casualty.

M. H. Esberg, Jr., has been elected a director of Associated Insurance Fund, holding corporation of Associated Indemnity and Associated Fire & Marine.

PERSONALS

Dexter M. Ferry, chairman of the board of the Standard Accident, is the father of a son.

Ray Murphy, assistant general manager Association of Casualty & Surety Executives and former Iowa commissioner, addressed the state convention of the American Legion in Sioux City, Ia. He also visited the insurance department in Des Moines.

J. N. Dennis, 65, veteran railroad department representative of the Provident Life & Accident, died at his home in Louisville after a long illness. He had been in continuous service in that field for 31 years with the Standard Accident and the Provident.

J. P. Keesers of Chicago, resident vice-president of Maryland Casualty, returned this week from a vacation trip to the far west, during which he stopped at Los Angeles, San Francisco, Seattle, Vancouver, Lake Louise.

Joy unrestrained obtains in the home of J. L. Kirkwood, secretary-treasurer of the Towner Rating Bureau of New York, the occasion being the arrival of J. L., Jr.

Heischel Lamme, cashier and agency assistant of Redfield Associates, representing Mutual Benefit Health & Accident and United Benefit Life in Chicago, was married at Creston, Ia., to Miss Lola Recknor.

The 500 Michigan agents of the Citizens Mutual Automobile, Howell, Mich., attended its anniversary reunion and outing at Chemung Hills Country Club. Commissioner Emery and members of his staff were guests.

J. B. Carter, superintendent of the automobile department of the Saint Paul-Mercury Indemnity, is on a business trip to the Pacific coast.

Compulsory Act Has Not Proved Success

(CONTINUED FROM PAGE 16)

are objectionable to the public and insurance companies alike:

1. The law has not brought added safety to the public in that it has not reduced accidents.
2. It has increased rates inordinately and requires the "safe" motorist to carry the "unsafe."
3. It has led to the formation of unsound companies which have failed, leaving many thousands of policyholders without full protection, and many thousands of injured persons without full remedy.
4. It has led to a great increase in the number of malingerers and in the number of exaggerated and fraudulent claims.
5. It has resulted in a large and arbitrary cut in the net earnings of agents.
6. It does not apply to out-of-state cars.
7. It is not extra-territorial.
8. It does not apply to accidents occurring on private property.
9. It cannot apply to willful violators—"insurance dodgers"—alias "boot-leg cars"—or to stolen cars, which are most prolific of accidents.
10. It does not apply to guest occupants, thus departing from its principle of protection for all persons injured through no fault of their own by the negligence of others.
11. It does not apply to all accidents resulting from the use of public cars.
12. Policies must expire with the calendar year, thus adding extra expense to companies and agents.
13. Companies are responsible whether or not they receive notice of accident from the assured, so that many times the first notice that the insurance company gets is when suit is brought.
14. It has prevented application of sound underwriting requirements to undesirable risks.
15. The political factor has influenced the making of rates to the point that, despite cost increases to car owners, rates have not been adequate.

Countersignature Issue Is Treated

(CONTINUED FROM PAGE 5)

been an increase in schedule and blanket coverage forms of contract. Administrative authorities, he said, must recognize the practical objection to such a contract being required to be countersigned in all of the states of its actual or potential coverage. They must recognize the practical difficulty of localizing elements not easily susceptible of accurate localization. So the administrative authorities usually consider the execution of a countersignature endorsement, law rider or underlying contract as adequate compliance with its countersignature law.

Get Sympathy from Authorities

The agents of casualty companies have seen business getting away from them to out of state producers. They contend that since the fire companies pay their agents in coverage localities, the casualty companies should do likewise. "The executive and legislative departments of the state," Mr. Christian declared, "appear to have been sympathetic to these views, as they frequently have been to the views of other classes of voters desirous of having trade barriers erected for their protection."

After having failed to achieve the desired end by means of negotiations with the casualty companies, Mr. Christian said, and through departmental regulations and interpretations and amendments of the old style countersignature laws which in practice proved ineffectual, the agents of certain states have secured the enactment of a new style of counter-

FIDELITY AND SURETY

Experiment with Surcharge Was Not a Success

Question—On page 25 of the June 15, 1939, issue of THE NATIONAL UNDERWRITER there appears an item captioned "Advocate Merit-Demerit Plan for Blanket Bonds." We will sincerely appreciate receiving information as to the source of this proposed method inasmuch as we are quite interested.

Answer—The imposition of a surcharge, ranging from 10 to 25 percent, on individual blanket bond risks that cover a five years' average, was tried out in New York City some five or six years ago, revealed an unusual loss experience, but was discontinued after two years operation. Under the program several of the large banks of the east provided heavy losses, largely through defalcations, and it was felt but just that they be penalized by means of a surcharge, graded according to the extent of the average loss. The weakness of the method, as underwriters viewed it, was that while penalizing risks with excessive loss records, it failed to grant rate concessions, or credits, to the assured with creditable records. There has been some talk of reviving the plan, allowing both credits and debits, but the matter has not yet crystallized into action.

Mutual Companies Active

Stock companies writing fidelity bonds now find themselves in competition quite frequently with the American Mutual Liability, the Liberty Mutual and the American Motorists. The American Mutual Liability and Liberty Mutual are particularly active. In all cases they make a lower rate than the stock companies do, so this is having an effect, the agents report, throughout the field.

Contract Bond Business Active

Contract bond business is on the upturn very greatly now because of the far flung federal enterprises that are being undertaken. Long lists of prospective projects are being printed showing the time for bids to be made. Almost all surety companies of consequence have Washington, D. C., bureaus that keep in touch with the various departments that are letting contracts or have anything to do with exacting bonds for work or material and these are sent out to agents in the localities mentioned. These service offices are doing a very excellent piece of work.

Three New Chicago Subway Bonds Are Being Arranged

The Chicago city council this week is expected to take action on contracts for three new sections of the Chicago-PWA subway, for which bids have been opened in recent weeks. It is up to the city council to award the contracts.

The Healy Subway Construction Corporation, which is backed primarily by the S. A. Healy Construction Company of Chicago, is the low bidder on two of the sections. It submitted a bid of \$6,436,835 for the section known as D-1, which commences at Lake and Wells streets, running east to Dearborn street and under Dearborn street to Van Buren street. The Healy Subway Corporation's bid for section known as S-3 is \$8,212,835. This starts at the Chicago river, runs under State street to 11th street.

Maryland Casualty has arranged the 50 percent performance bonds in connection with both of these projects, in anticipation that Healy will get the award. The Towner rate was an average of \$12 per \$1,000 of contract price.

The M. J. Boyle Company of Chicago, with \$2,986,590, was low bidder for section S-6. This runs from Clybourn avenue to Division street, east to State street and then south to Bellevue place. The Boyle company is presently engaged in the construction of one section of the subway. His bond for that section was written by Fidelity & Casualty through W. A. Alexander & Co.

Surety Party Scheduled for Sept. 22

The Surety Underwriters Association of Chicago will hold its golf outing Sept. 22 at the Sunset Ridge Country Club, a few miles west of Winnetka, Ill.

Members of the Milwaukee association have been invited to attend and representatives of the Detroit, St. Louis and Kansas City associations will also be present. A golf tournament will be held, both luncheon and dinner being served, according to Palmer Olstad, president. R. F. Munsell is in charge of arrangements.

Don't Fear Ala. State Fund Bill

NEW YORK—Surety underwriters are not particularly concerned over the measure before the Alabama legislature proposing the establishment of a state fund for bonding all employees of the state and its political subdivisions. Because of the difficulty experienced by tax collectors in securing bonds several

signature law which seems adequate to gain for them what they seek, provided that it is constitutional. The companies have felt compelled to challenge the constitutionality of the new style law, he said.

Mr. Christian said that the new style law is found in Georgia, Idaho, Iowa, Louisiana, Mississippi, Montana, North Carolina, South Carolina, South Dakota and Virginia. In none of the states, he said, is a situation presented that will render it certain that in an action testing the validity of the law, the parties interested will be able to secure an authoritative decision of the various constitutional issues. After inconclusive litigation in Georgia and the contemplation of litigation in North Carolina, the Virginia law which became effective in July, 1938, seemed to the companies to be least badly adapted to the purpose of a test case.

Proponents of the Virginia law assert that in addition to bringing into the hands of Virginia agents substantial amounts of commissions on contracts negotiated outside of the state it will promote public financial and social welfare in Virginia; it will increase the revenues of the state by providing larger incomes for taxation; that it will procure to Virginia the assistance of the countersigners in their efforts to decrease fires, traffic and industrial accidents and defalcations; it will provide to a non-resident or foreign corporation services of an agent in the locality of coverage, who is independent of the insurance company.

Claim Law Will Stop Rebating

Proponents say that the law will discourage a number of wrongful practices. They contend that non-resident brokers frequently reduce their commissions, permitting the companies to charge lower rates, and in effect grant rebates. This will be rendered impossible, the proponents say, by the requirement of the new law for the payment to the counter-signing agent of the full amount of the usual and customary commission. Proponents of the law assert that some companies nominally charge the legal rate for certain types of coverage in so-called closed states, but practically give away the insurance in open states. Under the Virginia law, the proponents say, the Virginia agent will discover such a practice and will raise objection to it.

They claim that the countersigner will give so much assistance to the producer that developed the business that the latter will get a better net return to himself by receiving only 50 percent of the commission than if he had received the entire commission.

Position of the Companies

The companies, on the other hand, contend that the law merely secures benefits to influential commission agents, which they do not earn and to which they are not entitled. They contend that only a very small and select group of resident agents would receive the commissions; that the law will tend to divert business from stock to mutual companies and will tend to divert it from admitted to non-admitted companies. They deny that the countersigner will promote fire or accident prevention, and that the assured will get service from the resident agent. The companies deny that the companies or non-resident agents engage in the wrongful practices that are alleged.

The companies contend that the amount paid to countersigners will represent a new and additional material expense burden upon the business.

The companies contend that a state has no jurisdiction over the making, writing, issuing or delivering of contracts outside of her territorial borders. The state may properly tax the premiums on resident risks and the state may regulate acts that take place within the state by way of servicing or performance. Proponents of the law declare that contracts made outside of the state but covering therein contemplate more or less certainly acts of performance

within the state. Accordingly, they contend, the act of an insurer in making such a contract outside of the state constitutes an exercise of its privilege to do business within the state and is thus subject to regulation by the state.

Those who take that position, he said, seem to expect a confirmation of their view by the present court.

Another issue involved is whether the prohibition against salaried agents countersigning deprives them and their companies of due process of law. That involves the original question of whether the public has an interest in whether a countersigner is compensated by salary or commission. Proponents of the law say that the public is materially interested that countersigners shall be in the states of coverage and have the independent status of commissioned agents rather than the status attributed by them to salaried agents of being totally dependent upon an individual company.

"The admitted fact that in the casualty and surety business," he said, "it has heretofore not been thought usually to be helpful to any interest that a producer of a contract should reside in the coverage locality, or be assisted by a commission man residing there, seems to weaken this contention."

The distinction between salaried and commission representatives does not represent a difference bearing a reasonable and just relation to the act, in respect of which the classification is made, according to Mr. Christian. It was made arbitrarily and without such basis, he asserted.

Fifty Percent Division

Another issue arises from the prohibition in the law against countersigners paying non-resident producers more than 50 percent of the commissions received by the countersigners. The proponents, Mr. Christian said, seem to admit that it would be arbitrary if the act of the countersigner should be limited to a mere attesting of the authenticity or genuineness of a contract and the proponents stress their conception, "not expressed in the law," that a countersigner is under obligation to the company and assured, both with respect to the contents and form of a contract and its servicing. The companies contend that even if the countersigner is under such obligations, it is merely a duplication of service performed by the out-of-state producer and by salaried company personnel.

Proponents say that if there were no minimum compensation provision and variation should be permitted, very shortly the rate would be brought down so that the countersigner would receive no more than the nominal amount that he has been getting under the old style laws. Companies take the position, however, that there should be variations so as to adjust payments to the amount of service that is actually performed by the countersigner.

The companies object to the provision that the countersigner may pay commissions only to those non-residents who hold non-resident licenses in Virginia. This, the companies contend, is an attempt to do by indirection what could not be done directly. If the producer never comes inside of the state of coverage at all, according to Mr. Christian, he exercises no privilege which the state may grant or withhold.

Another question is whether stock companies are denied the equal protection of the laws, by the exemption from the law of mutuals.

Mr. Christian cited the decision of the Supreme Court in Hartford Steam Boiler vs. Harrison in which the Georgia law was held invalid insofar as it distinguished between the stock and mutual companies.

Mr. Christian referred to the case brought in the name of New Brunswick Fire and Springfield F. & M. testing the validity of the Montana statute which requires the payment to a Montana agent of the full commission on each contract covering in Montana. Temporary restraining orders were issued

in the fall of 1938 but the court has taken no other action.

He referred to the case of W. W. Vars vs. W. V. Knott, state treasurer and insurance commissioner, that is now pending in the United States Supreme Court. In this case a salaried representative or a mutual company is challenging the validity of the Florida statute that prohibits the licensing of salaried representatives as agents.

The Louisiana countersignature law presents a situation somewhat similar to the one in Virginia and the casualty companies are testing that statute.

Counsel Federation in Annual Muster

(CONTINUED FROM PAGE 15)

his committee would bear more fruit during the coming year.

Stewart Maurice, National Surety, extended greetings from the members of the New York Bar Association.

E. W. Sawyer, attorney for the National Bureau of Casualty & Surety Underwriters, delivered a paper on "Casualty Insurance Litigation." A discussion followed in which J. P. Mudd, Birmingham, Ala., W. A. Porteous, Jr., New Orleans, H. B. Rollins, Baltimore, S. M. Hollander, Newark, N. J., and L. C. Markel, Richmond, were the principal participants.

Superintendent Pink of New York was introduced by Irving Waldman. Considerable interest was manifested in Mr. Pink's talk on "Proposed Plans of Automobile Insurance" and several members expressed their views on the ideas presented by the New York superintendent. Secretary John A. Millener, Rochester, N. Y., gave his profound conviction of the necessity of some kind of compulsory automobile insurance. He pointed out the advantage of insuring the driver instead of the car and suggested that the application blank contain questions similar to those in accident and health policy applications. For example: "Have you ever had an accident?" "How many accidents have you had?" "What was the nature of them?" In this way the underwriting department could determine to a certain degree of accuracy whether the driver was naturally careless and negligible or merely unfortunate. Sol Weiss, New Orleans, who is president of the automobile club in his city, expressed the opinion that unless some action was taken voluntarily laws would be enacted which might prove detrimental to all concerned.

The report of the governing committee was given by L. C. Markel, Richmond. The Federation now has 341 members. Since lawyers acquire membership only by invitation, Mr. Markel urged conscientious activity on the part of all members to increase their number.

Secretary Millener's Report

Secretary John A. Millener, in his report, said that the Federation had made a substantial increase in membership during the year. The members of the legal profession, he said, have not been immune from lower incomes and lower fees. Thousands of lawyers, he added, were obliged to curtail their professional activities. However, in the face of these conditions new memberships were approved amounting to 160, making the total 301. The lapses during the year amounted to 56. During the year the receipts amounted to \$4,687 and the disbursements \$4,228, including the secretary's compensation. Scott Fitzhugh of Memphis, the president, was credited with having secured 41 new members.

CASUALTY LITIGATION

E. W. Sawyer, attorney for the National Bureau of Casualty & Surety Underwriters, spoke on "Casualty In-

surance Litigation." He said that casualty insurance can today say that it has no secrets. Its virtues and its vices are a public record. Those who wish to may know. Executives in ever increasing numbers, he added, believe that the greatest success can be obtained through emphasis on public interests with which the casualty business is so intimately affected. In no phase of casualty insurance philosophy, Mr. Sawyer continued, has there been a more marked change in recent years than in the attitude toward litigation. The change, he said, is the spread of a liberal view rather than the adoption of a new one. It is difficult, he declared, for the mind of the trial lawyer to grasp the attitude of big business toward a lawsuit. Yet it is essential that he understand it if he is to serve his insurance company clients as they desire to be served. Individuals in the organization of a corporate client, he asserted, will become enthusiastic over the preparation and presentation of the defense, but to the impersonal business the lawsuit was a mistake comparable to the result of any one of a thousand inefficiencies in the functioning of the business. To the business, as distinguished from the individual with whom the attorneys are in contact, the lawsuit is a liability represented by a suit reserve. The welfare of the business requires that the number of such reserves be kept to a minimum.

Nuisance Settlements

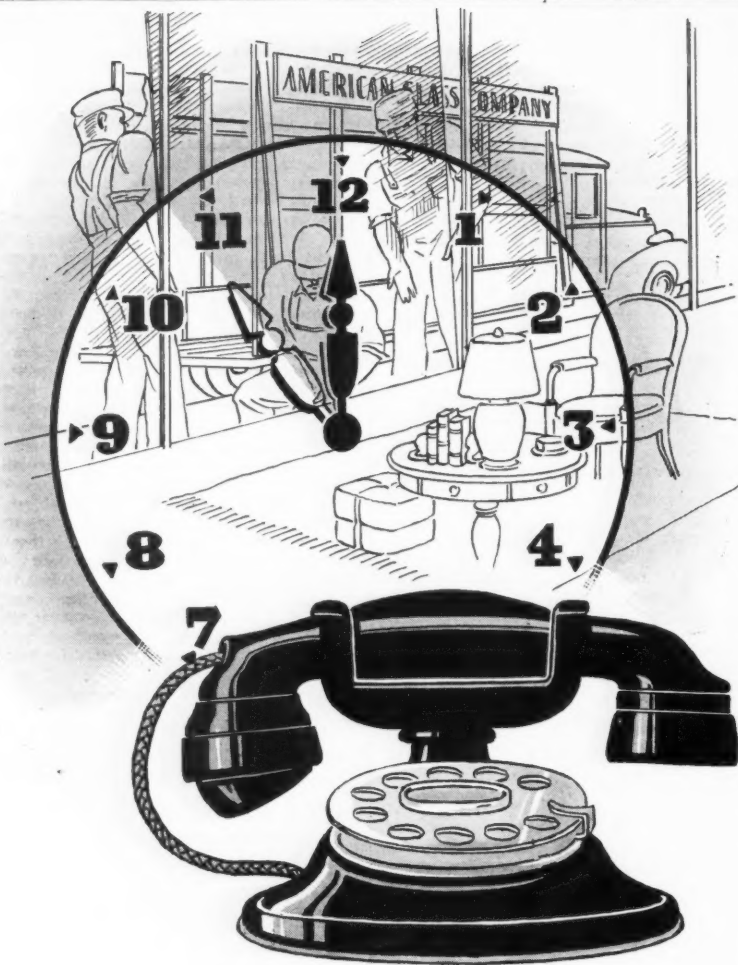
Mr. Sawyer referred to nuisance settlements. Insurance companies are criticized severely because of their settlement of questionable claims. Suits for small amounts encourage unscrupulous lawyers to handle such claims. He explained that while companies are generally careful not to encourage nuisance settlements they must decline to spend funds solely to purify the morals of the legal profession.

Mr. Sawyer gave some suggestions regarding all classes of litigation. 1. The attorney should never assume that the legal or claim department of the client knows the law of a state. 2. Never make the mistake of assuming that insurance companies do not like attorneys who counsel compromise. 3. Rely upon clients for the insurance phases of the issues involved. 4. Remember that in certain types of litigation such as suits involving bonds the attorney is often in a better position to obtain confidential information than is the most expert company investigator. 5. Do all you can to bring cases to trial quickly. 6. No insurance executive enjoys criticizing the charges which a lawyer makes for his services. 7. In connection with subject of fees, Mr. Sawyer thought he should say something about the fee building lawyer. He said that nothing can so quickly separate a lawyer from his insurance practice as fee building. If the attorney is in doubt over the advisability of maneuvers which will add expense he should consult his client, frankly stating the arguments in favor and against, and ask the client to make the decision. Last, try to understand the views of the insurance business toward litigation.

Mr. Sawyer said that the trends which are a part of the changing philosophy of the casualty companies may have increased the cost of insurance slightly but it is worth it. Insurance rates anticipate with amazing exactitude, he said, the losses which the companies will become obligated to pay. Spared of a loss by insurance is, he said, not only protection for the policyholder but for society.

FIRE POLICY

A. P. Feen of Burlington, Vt., attorney for the Burlington Mutual Fire, discussed the standard fire insurance contract. He said that the efforts of all those interested to secure uniformity with respect to the fire insurance contract have been entirely unsuccessful. Though the revision of the standard form from time to time has eliminated certain provisions which have been



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fruitful in bringing forth a diversity of judicial opinion, he said it is a fact that revision does not furnish the relief sought. He referred to the fact that the National Association of Insurance Commissioners has undertaken to revise the New York standard policy. A proposed revision was prepared by a committee and was approved by the body at the San Francisco convention. He asked whether the adoption of this proposed revision will secure the results contemplated. Mr. Feen feels very strongly that the cure desired will not be realized unless at the same time something is done to secure a uniform interpretation, for then only will a standard policy become an actuality. The proposed revision, he said, contains many of the provisions of existing old and new New York standard forms and some provisions common to the Missouri form. These have already been construed in many jurisdictions with a difference of opinion on the part of the courts as to the meaning of the provisions. The rule of stare decisis will, therefore, interfere with uniformity of interpretation under the proposed revision, Mr. Feen added.

Suggestion is Made

The effect of the decided cases on uniformity of interpretation can be avoided, he said, by establishing a standard contract, universally accepted with some provision in the enacting law which would make it incumbent upon the courts to follow a settled doctrine of interpretation. This could be accomplished by sifting the decided cases and selecting an existing interpretation as to each provision which would be deemed fair to both insurer and insured. The weeding out process, he declared, could be accomplished by a committee representing the insurance commissioners, the companies and some recognized body representing the general public. The proposed revision, he said, should be annotated and the statute should include the annotations for the express purpose of disclosing legislative intention as to the meaning to be given each provision.

Automobile Negligence Cases

The advantages of federal court procedure and a number of points in the new federal rules as relating to automobile negligence cases were discussed by H. B. Rollins, Baltimore. The development of interstate travel has multiplied the opportunities for removal of damage suit cases to federal courts and Mr. Rollins pointed out that there are many advantages to insurance companies in removing wherever possible. One of the best psychological advantages is that many plaintiffs attorneys feel perfectly at home in state courts but are not familiar with federal court practice and thus are at somewhat of a disadvantage.

Sterling Pierson, counsel Equitable Society, spoke on "Some Effects of the New York Insurance Code Upon the Law Relating to Life Insurance."

Sol Weiss, New Orleans, speaking on "What Function Can a Lay Adjuster Perform Without Encroaching Upon the Work of the Legal Profession?" cited various decisions on this question and said the progress being made by the conference committee on adjusters representing the American Bar Association and insurance organizations is most important. Mr. Weiss outlined the scope of the agreement and stated that appointment of the conference committee constituted a great step in the right direction. He said that the legal profession can advance and progress only if it acquires and holds the confidence and good will of the public.

R. A. D. Morton, El Paso, announced that the board of governors had appointed Scott Fitzhugh, Memphis, as chairman of the delegation representing the federation to attend the annual meeting of the National Association of Insurance Commissioners in Biloxi next December.

New members named to the board of governors to serve two years are: W. H. Brummond, Appleton, Wis.; R. Beale Rollins, Baltimore, and R. A. D. Morton, El Paso, Tex.

Public Tends to Exaggerate Value of Hospitalization

The widespread publicity given the hospitalization insurance plans has tended to exaggerate the importance of this phase of insurance protection in the public mind. This is especially true in regard to group insurance as often the hospitalization group is looked upon as more important than the basic life and accident and health coverage.

In soliciting one large group case only about 50 percent of employees were interested. As 75 percent was needed to complete the case, the proposal was changed and the presentation made to include the hospitalization group. Immediately 90 percent of the employees signed up for the new program, which also included life and accident and health.

Group men feel there is little competition from the non-profit hospitalization associations because the latter are too loose in their underwriting and as a result they are apt to cause the employer trouble. Such practices as the sponsoring of members by insured employees and the lack of strict requirements as to the number of employees included in the group are bound to work against the non-profit hospitalization plans. Group men feel that unless 75 percent are included under the plan, self selection is apt to react against the insurer.

Assumes Broad Coverage

Even when the restrictions and limitations of the hospitalization association plans are explained, the employee usually assumes that he has a broader coverage than he actually has and if a claim arises he is dissatisfied, which in turn causes the employer much trouble. In many cases where the employer has taken out the hospitalization association plan, it has been done without much thought or regard for the coverage. If the employer is really interested in providing such coverage for his employees and making it part of his permanent employee relation program, he usually turns to coverage offered by regular group writing companies.

Although the hospitalization plans have been having trouble, the group men have not had to point this out to the prospects in order to get the business as the employers themselves seem to sense it out.

One of the larger group companies has increased its hospitalization premiums four times last year in the first quarter which gives a good indication of the present trend.

The annual outing of the **Accident & Health Club of New York** will be held at Schmidt's farm, Scarsdale, N. Y., Sept. 16.

H. E. Fegley, 56, district manager of General Accident, died in a Columbus, O. hospital after an illness of several weeks. He had been with the company 20 years.

Decides Issue of Negligence

In *Daniel vs. East Tennessee Packing Company*, the North Carolina supreme court held that the plaintiff injured through the negligent operation of the defendant's automobile in which he was riding as a business guest at the invitation of the employee-operator, and recovered from both employer and employee, for the trip was within the scope of employment, and failure to avoid a skidding car on the road constituted negligence.

Wanted

A Middle Western Casualty Company desires young man as assistant compensation underwriter. Knowledge of other Casualty lines will be helpful. Address complete history to K-36 The National Underwriter 175 W. Jackson Blvd., Chicago.

Premium Writings for the First Six Months

The six months premium returns of casualty and surety companies are being studied. There are few increases in the six months record as compared with that of the first six months of 1938.

Taking the larger premium writing companies, the Continental Casualty net premiums written the first six months were \$11,768,000, as compared with \$10,789,000 for the first six months of 1938. Its total premiums last year were \$21,039,000. The loss ratio for the Continental the first six months was 54.2 and the expense ratio 38.9, as compared with 50.7 and 38.6 last year.

The Globe Indemnity premiums were \$8,911,000, as compared with \$9,132,000. Its premiums last year were \$16,508,000. Its loss ratio for the first six months was 53.4 and expense ratio 35.4, as compared with 48.9 and 34.8.

The North American Accident had premiums \$2,188,000 as compared with \$2,069,000. The total premiums last year were \$4,111,000. Its loss ratio was 36.4 and expense ratio 58, as compared with 37.2 and 58 a year ago.

The Ohio Casualty had premiums \$3,195,000 as compared with \$2,999,000 a year ago. Its total premiums last year were \$5,707,000. Its loss ratio the first six months was 49.8 and expense ratio 41.6, as compared with 53.7 and 37.9.

St. Paul-Mercury Indemnity

The St. Paul-Mercury Indemnity had premiums \$3,425,000, as compared with \$3,342,000, the total last year being \$6,277,000. Its loss ratio was 47.9 and expense ratio 38.1, as compared with 46.7 and 38.

The Zurich had premiums \$7,219,000, as compared with \$8,371,000. Its total premiums last year were \$14,730,000. Its loss ratio was 54.4 and expense ratio

35.8, as compared with 51.8 and 36.9 a year ago.

The General Accident had premiums \$9,776,000, as compared with \$10,393,000, its total last year being \$18,629,000. Its loss ratio was 52.3 and expense ratio 33, as compared with 50.6 and 33.1.

The Glens Falls Indemnity had \$3,711,000 premiums, as compared with \$3,686,000, its total last year being \$6,887,000. Its loss ratio was 44.1 and expense ratio 44.1, as compared with 50.1 and 41.8.

The Massachusetts Protective had premiums \$3,727,000, as compared with \$3,611,000, its total last year being \$7,290,000. Its loss ratio was 60 and expense ratio 36.9, as compared with 54.5 and 35.3.

New Amsterdam Casualty

The New Amsterdam Casualty premiums were \$7,351,000, as compared with \$7,550,000, its total last year being \$13,641,000. Its loss ratio was 49.6 and expense ratio 38.6, as compared with 51.5 and 36.7.

The Pacific Employers premiums were \$2,606,000, as compared with \$2,425,000, its total last year being \$5,053,000. Its loss ratio was 62.7 and expense ratio 23.6, as compared with 58.5 and 23.1.

The Preferred Accident had premiums \$2,963,000, as compared with \$2,565,000, the total last year being \$4,146,000. The loss ratio was 67.7 and expense ratio 36.6, as compared with 60.1 and 35.3.

The Western Casualty & Surety had premiums \$1,618,000, as compared with \$1,822,000, the last year's premiums being \$3,290,000. Its loss ratio was 58.1 and expense ratio 35.2, as compared with 62.3 and 37.8.

The Bankers Indemnity premiums

were \$2,441,000, as compared with \$2,241,000, the total last year being \$4,331,000. Its loss ratio was 57.8 and expense ratio 40.3, as compared with 56.7 and 40.2.

The Columbia Casualty had \$2,028,000, compared with \$1,394,000, the total last year being \$2,448,000. Its loss ratio was 55.1 and expense ratio 39.7, as compared with 39.6 and 39.8.

The Eagle Indemnity had \$2,141,000 premiums, as compared with \$1,992,000, the total last year being \$3,671,000. The loss ratio was 47.8 and expense ratio 39, as compared with 46.2 and 39.1.

Employers Reinsurance

The Employers Reinsurance of Kansas City had \$3,684,000, as compared with \$3,488,000, the total last year being \$6,836,000. Its loss ratio was 38.2, ex-

pense ratio 49.4, as compared with 51.3 and 48.2.

The Fidelity & Deposit had \$5,658,000, as compared with \$5,574,000, the total last year being \$10,886,000. Its loss ratio was 24.6 and expense ratio 61.3, as compared with 23 and 59.9.

The Hartford Steam Boiler premiums were \$2,043,000, as compared with \$2,429,000, the total last year being \$5,086,000. Its loss ratio was 14.6 and expense ratio 102.7, as compared with 16.1 and 89.7.

The Indemnity of North America had premiums \$6,631,000, as compared with \$6,836,000, its total last year being \$12,327,000. Its loss ratio was 43 and expense ratio 43.5, as compared with 46.4 and 42.2.

The London & Lancashire Indemnity

(CONTINUED ON PAGE 31)

CASUALTY COMPANY STATEMENTS

(Report as of June 30, to Georgia insurance department)

	Capital or Deposit	STOCK		First Six Months 1939	
		Assets	Surplus	Income	Disburse.
American Bonding	\$ 1,000,000	\$ 2,062,413	\$ 719,891	\$ 408,833	\$ 338,684
American Credit Indem.	1,500,000	4,976,590	1,103,458	962,715	1,072,836
American Employers ..	1,000,000	11,583,379	2,750,000	3,963,913	3,342,322
American Indemnity ..	1,000,000	4,261,393	650,000	1,108,830	969,355
American F. & C. Va.	675,000	2,883,970	873,027	1,768,687	1,675,861
Bankers Indemnity	800,000	7,016,517	700,000	2,604,378	2,293,929
Benefit Assn. Ry. Emp. ....	.....	2,478,185	1,374,970	1,869,492	1,814,835
Century Indemnity	1,000,000	13,147,153	3,167,655	4,697,943	3,543,559
Commercial Casualty ..	1,000,000	9,827,537	1,414,674	4,478,729	3,759,623
Continental Casualty ..	2,000,000	35,421,023	6,254,484	12,371,006	10,867,379
Employers Liability	250,000	43,251,298	9,750,000	16,634,597	14,257,340
Fidelity & Deposit	2,400,000	24,130,264	7,833,196	6,198,643	5,446,589
Globe Indemnity	2,500,000	39,540,489	5,000,000	9,766,550	9,100,788
Glens Falls Indemnity ..	1,000,000	11,474,431	2,076,043	3,899,672	3,161,135
Great American	1,000,000	17,863,188	4,102,060	5,840,904	4,795,510
London Guar. & Acc.	900,000	15,393,613	4,192,525	4,238,503	4,051,121
Metropolitan Casualty ..	1,500,000	10,684,114	1,142,040	4,011,364	3,395,936
Mass. Protective	1,000,000	11,068,266	3,195,186	3,919,115	3,969,281
Ohio Casualty	600,000	7,750,590	1,100,000	3,348,376	2,649,034
Pennsylvania Cas.	250,000	1,618,029	175,000	1,220,773	818,572
Phoenix Indemnity, N. Y. ..	1,100,000	8,017,167	2,145,839	2,143,705	1,728,644
Royal Indemnity	2,500,000	33,204,533	2,500,000	8,639,201	6,932,448
		MUTUALS			
Factory Mutual, R. I. ....	.....	13,720,614	7,132,519	2,393,156	1,434,228
Hardware Mutual, Minn. ....	.....	7,821,111	2,729,226	2,471,219	2,498,476
Hardware Mutual, Wis. ....	.....	13,653,580	2,064,371	6,768,902	5,135,066
Liberty Mutual, Mass. ....	.....	69,602,551	9,759,194	25,386,984	18,959,591
Mutual Boiler, Mass. ....	.....	1,251,468	783,817	525,812	465,563
State Farm Mutual, Ill. ....	.....	16,931,759	5,031,707	8,748,802	7,512,228



Workmen's Compensation Specialists Since 1917

FINANCIAL STATEMENT

June 30, 1939

ASSETS

BONDS: (Amortized Values)	
United States Government	\$4,244,475.78*
Political Subdivisions of States	30,800.27
Railroad	154,375.21
Public Utility	22,310.50
Industrial	29,873.51
TOTAL BONDS	\$4,481,835.27
STOCKS: (Market Values)	
Preferred—Railroad and Public Utility	\$137,125.00
Common—Public Utility	60,637.50
TOTAL STOCKS	\$ 197,762.50
TOTAL SECURITIES	\$4,679,597.77
Cash	582,260.33
Premiums in Course of Collection less than 90 days due	853,344.72
Accrued Interest on Bonds	27,557.48
TOTAL ADMITTED ASSETS	\$6,142,760.30

LIABILITIES

Reserve for Claims	\$2,891,575.78
Reserve for Unearned Premiums:	
100% Advance Deposits (Guarantee for Payment of Monthly and Quarterly Earned Premiums)	\$1,027,196.32
Unearned Portion of Annual Payment Basis Premiums	523,426.92
TOTAL UNEARNED PREMIUMS	\$1,550,623.24
Reserve for Taxes and Reinsurance	74,362.61
Reserve for Commissions and Other Expenses	260,092.66
Reserve for Unpaid Dividends	15,000.00
Voluntary Reserve—For Fluctuation in Market Value of Securities (Excess of Amortized over Market Value of Bonds Owned)	8,708.08
TOTAL LIABILITIES	\$4,800,362.37
Capital	\$ 300,000.00
Surplus	1,042,397.93
SURPLUS AS REGARDS POLICYHOLDERS	1,342,397.93
TOTAL LIABILITIES, CAPITAL AND SURPLUS	\$6,142,760.30

*United States Government Bonds carried at \$306,333.16 in the above statement are deposited as required by law.

United States Government Bonds and Cash represent 78% of the Total Admitted Assets.

No Bonds in Default as to Principal or Interest.

A Continuous Record of Progress . . .



Idaho Agents Elect D. L. Rogers

(CONTINUED FROM PAGE 4)

velopments, public relations and regulation of the business to the best interest of the public and the member companies.

Following Mr. Countryman was Ben K. Campbell, Seattle manager for the National Bureau of Casualty & Surety Underwriters, who spoke on "Trends in the Casualty and Surety Field."

Field men from the Intermountain Club put on a skit to open the Friday afternoon session. It was titled, "The Return of Excess Cut." Members of the cast were W. J. Montgomery, Home of New York, as John Maloney, the old time special agent; L. W. Keyser, portraying Sally Blank the demon stenographer; Leo J. McGinn, Royal, as a non-board special agent; Albert Esary,

North America, as a board official; George Mang, Home, as a typical field man. E. G. Eldridge, Salt Lake City general agent, took the part of "Excess Cut."

Wayne Meek, Seattle, member of the executive committee of the National Association of Insurance Agents, spoke on "Our Patriotic Duties." Kurt L. Daniels, chairman of the Pacific Coast advisory committee of the I. M. U. A., gave a paper on inland marine.

Boiler and Machinery Treated

"Boiler & Machinery Insurance," was explained by Paul R. Summers, Hartford Steam Boiler, Salt Lake City. Laurence Huff of Moscow, Ida., was unable to appear on the program because of an automobile accident and President R. S. Campbell said his paper on "Casualty and Surety Agents Contracts," would be held in abeyance until the next convention.

Saturday was devoted to committee re-

ports and election of officers. Lawrence Gridley of the Gridley Investment Company made a report on his analysis of the garage liability rates in Idaho. He contended that the non-conference companies had come to the relief of the agents and had enabled them to keep most of their garage liability insurance. Small garages were afforded a 40 percent reduction. This reduction came as a result of Mr. Gridley's work on this committee.

National Councillor Lipps made a report upon the insurance activities of the Commodity Credit Corporation.

Saturday afternoon the ladies were given a bridge luncheon while the annual golf tournament was being played. In the evening the dinner dance was held in the ballroom of the Sun Valley Lodge.

Resolutions Are Adopted

A resolution was adopted requesting the National Bureau to suspend jurisdiction over comprehensive liability forms in Idaho "until it is ready to promulgate a form that can be sold in competition with those already upon the market, which competition has produced an acute situation."

Another resolution urged that since the present agents qualification law is inadequate to control the issuing of licenses to only legitimate agents, the director of insurance give oral examinations to applicants. When not possible for the director to give oral examination in the field, the applicant be required to appear at his office in Boise; also that the director investigate the activity of the applicant before giving the examination.

Ask Minimum Premium Relief

A third memorial reads: "Whereas, the casualty companies through their duly organized bodies have heretofore promulgated changes in minimum premiums under public garage liability, applying to repair shops only of 40 percent off; and whereas, the public garages with payrolls large enough to come under experience and equity rating plans are well satisfied, and whereas, the garages with payrolls in between above two classes have no relief; and it appears such class number 148, according to the tabulation of the Idaho State Automobile Association; be it resolved: That the Idaho State Association of Insurance Agents go on record petitioning the National Bureau of Casualty & Surety Underwriters for relief on minimum premiums in this class."

R. L. Countryman's Address

R. L. Countryman of San Francisco, Pacific Coast manager of the Norwich Union Fire and president of the Pacific Board, said that in his opinion the Pacific Board has done exceedingly well by those it serves. It has afforded constant protection to the value that exists in the business of its members, agents and policyholders. The Pacific Board was organized in 1895. Until recently, he said, much of the work was performed by subcommittees of the executive committee. Now these have been either abolished altogether or merged into one known as the "rates, rules and schedules committee."

Tells Pacific Board Setup

Mr. Countryman explained the mechanics of the Pacific Board, its complexion, how it works, what the various committees do. He referred to the "earthquake department." It is the only one of its kind maintained by any rating bureau in the country, he added. During the 14 years of its existence it has been brought to the point where its recommendations are regarded as standard. Many formerly in opposition to its requirements now accept its authority without question. As to the justification of a Pacific Board, he said its usefulness is due to the fact that a group can accomplish more than an individual. The element of expense enters into it, because by pooling their interests, companies can cut down individual expense materially. There is much to be gained

by uniformity in rates and forms. Mr. Countryman referred to the different services the Pacific Board offers. He said that it is only through spreading the cost over the premium income of a large number of companies that it is possible to provide these benefits which extend to the public as well as to the companies and the agents.

Blue Goose Reaches Membership High

(CONTINUED FROM PAGE 1)

geographically. For example, Ben S. McKeel is now manager of the General Cover Department in New York City. He was elected, however, as grand keeper when he was state agent of the New York Underwriters, with headquarters at Raleigh, N. C. At this meeting he becomes grand supervisor.

H. A. Reynolds, grand keeper, who will become guardian, is now assistant Pacific Coast manager of the Home at San Francisco. He was elected, however, when he was located in Denver as state agent of the Home for the mountain field as that territory had not had a grand nest officer.

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POINTERS FOR LOCAL AGENTS

Sales Suggestions Made on Inland Marine Lines

At the meeting of the Idaho Association of Insurance Agents, Kurt L. Daniels of San Francisco, marine manager of the Automobile of Hartford, gave a talk, basing his remarks on inland marine insurance. He said that the issuance of personal property floaters is now becoming an every day occurrence action. This form alone, he declared, gives promise of being a large premium producing class. Commissions are important, he said. They are the reward for good, sound sales work. He regards the personal property floater as it is today, far and away the most important contract sold in the inland marine field. As he described it, it is a form of all-risks insurance. He said if the authorities had started calling it the "all-in-one" or the "perfect" or the "complete" policy, instead of the personal property floater, its mission might more quickly have been made clear.

Shows It as a Family Policy

The personal property floater, he characterized as essentially a family policy. Furniture, clothing, jewelry floaters, sports equipment, silverware, linens, rugs and books, etc., belonging to or used or worn by the members of the policyholder's family of the same household are insured anywhere in the world. There is no need to worry about a number of separate policies covering a separate hazard in a broad or limited way. The personal property floater, he explained, includes all the standard coverages of the past and bridges the gaps between them. It adds a number of new features of its own. Complete fire insurance protection is granted without the sometimes technical stipulations of the fallen building clause, co-insurance, dwelling occupancy clause, removal permits, etc. Full burglary applies right up to the face of the contract. There is no division of coverage, permissible vacancy restrictions, narrowing of coverage. The windstorm protection is full and unequivocal, he said. There is no restriction that wind must first damage the building.

Policy Has Many Merits

He said as compared with the protection offered by the personal effects or tourists' baggage insurance, the personal property floater has many merits. It is not restricted to property usually carried by tourists or travelers. There are no restrictions as to premises of the domicile. Ex-students' coverage and unattended automobile coverage are not restricted. The earthquake coverage is complete. There is no 5 percent or other deductible clause. The coverage is not affected by address changes. There is always adequate insurance in relation to the value of the property wherever it may be. There is only a single company and a single agency with which to deal in case of a loss.

Mr. Daniels acknowledged that the personal property costs money. However, a careful analysis will show that it costs less per unit of protection than other forms. In Idaho the cost of a \$5,000 property floater for three years where the fire rate is 60 cents for three years is \$148.75. Compare this with the annual cost of fire insurance, plus the supplemental cover, burglary and a personal effects floater, and the cost is not high.

Mr. Daniels estimated that the premium income on this class is \$1,000,000 a year or more in the west. The form has been changed slightly at various times during the past decade. The rating method has changed. Both underwriters and agents have learned much by the trial and error method of selling the form and in paying claims.

Mr. Daniels gave a few one-sentence summaries on the personal property floater business as a whole.

"(1) Don't unintentionally misrepresent the policy. Broad as it is, there are a few obviously reasonable exclusions. Know these. Explain them to the policy-holder.

"(2) Choose only dependable prospects. A form as wide open as this requires unquestioned 'moral risk' in the buyer. There are plenty of this good type of assured to sell, and it is up to the agent not to sell this to unknown, careless or dubious risks.

"(3) Don't think this is only a rich man's policy. Good risks, from the middle class of prospects, paying from \$100 to \$150 for three years account for about 80 percent of all of the policies sold.

"(4) Stress the big things in the coverage, not the little ones. If we dwell too much on the claims for carelessness that can be paid, the cigaret burns, the mislaid pair of gloves, we not only encourage a swarm of nuisance claims, but we also overlook the better arguments that really impress a prudent buyer. Loss ratio, in the long run, will dictate the rate and form that can be offered.

Determine Insurable Value

"(5) Carefully determine the insurable values. This is the theory behind our ability to sell such broad insurance for the rate that we charge. It may take a little time to arrive at the correct values with a prospect, but once that is done, there is a true basis to work from, and the business will stay with you for many years. Furthermore, when true values are brought to light there is always the probability that if the property floater is not bought at the moment, additional specific fire insurance, or a silverware floater, or a small burglary policy or something else can be written as a 'consolation' prize.

"(6) Don't delay in presenting the form to your present policyholders. You owe it, naturally, to your clients to tell them about new forms. Furthermore, if you don't, a competitor may. Remember that the personal property floater does not need to wait for the expiration date of existing insurance. The 'pick up' endorsement takes care of that by allowing pro rata credits for unexpired insurance. The 'pick up' endorsement is a two edged sword. It helps you to write business now placed elsewhere, but the same is true for your competitor.

Should Have a Sales Talk

"(7) Have a sales talk. Certain agents have already distinguished themselves as outstanding producers of personal property floaters. Almost always, they have marshalled together an orderly presentation of this form, which gets results. In our end of the business we are apt at times not to stress a proper sales talk quite as much

as our brethren in the life and accident field. Practice makes perfect in this regard. Out of proper study and several calls you can whip together a sales talk on property floaters that should earn you many dollars in commissions during the next few years.

"(8) Be alert for new prospects. Familiarity with this policy and what it does will naturally suggest the names of many immediate prospects. While it is intended for everybody, it is especially suited for the family which travels; the one with children at school; the one which maintains a summer or winter home where the property floater can act as a year-round guardian of the furniture kept there; the family which has real value tied up in jewelry, paintings, historical relics, et cetera. A carefully considered sales program can produce one personal property floater sale per month as a steady average. On minimum premium policies alone, this would bring in an extra \$240 a year in commissions—and for a reasonably small effort."

Other Inland Marine Covers

He referred to the resorts and said that they bring to mind skiers, tourists and sportsmen. This is an ample reminder of the place for fur floaters, tourists policies, baggage insurance and jewelry policies. Then there may be great flocks of sheep, a reminder that the wool growers form is an active one. Idaho minerals, gold mines and gold dredges are producing inland marine bullion policies as an interesting by-product. The famed Idaho potato is not the only agricultural crop which moves from grower to market via train or truck under the broad protection of inland marine transportation policies. Lumber and the machines that help fell and haul it add premiums to the inland marine total. Every American Legion post, every lodge and fraternal organization can be interested in the paraphernalia form. Laundries and cleaners need the protection of customers goods insurance. Lakes provide the chance for outdoor motor insurance, as well as yacht policies. Gun floaters and horse and equipment insurance are inland marine forms.

From Birth to Death

In fact, Mr. Daniels said that inland marine policies can make almost the whole span of life. The doctor who lends a helping hand at its beginning may carry a physician's and surgeon's instrument policy. The school boy and collegian needs probably musical instrument insurance, sports equipment floater, etc. When he marries, a wedding present floater may be one of his first purchases. He may rely on transportation insurance or other forms in his business life while a personal property floater, furs, silverware, fine arts or jewelry insurance guards his possessions as they grow. He probably will vote on a voting machine insured by inland marine underwriters. He may ride on a marine insured streamline train over marine insured bridges and buy an all-risk policy on his camera, his guns, his stamp collection. Insured radium may allay his last illness. The undertaker who buries him probably carries a mortician floater. His heirs may inherit stocks and bonds of his estate sent by inland marine insured registered mail. Maybe someone will erect a stained glass window that is the work of art in his memory, thus creating fine arts insurance premiums.

Mr. Daniels said that inland marine business looks forward to a steady and boundless growth. Year after year the

"Personal Note" Under Windshields Makes Sales

About 2,000 cleverly printed notes distributed by placing them in automobile windshields by the J. K. Kipp & Son agency of Harrisburg, Pa., have resulted in several sales and numerous inquiries, although the plan has been tried for only a week.

The notes are 4x5 inches and folded in half for insertion under windshield wipers. The personal appeal is further carried out by the reproduction of actual handwriting, with blue ink used in printing, which makes the note appear to be a communication from a friend. Instead of being tossed away as an "ad," the note is thoroughly read. It says:

"Dear Bud,

"Saw your car but couldn't wait. I just wanted to tell you that if you need any kind of insurance go see J. K. Kipp & Son, 1418 N. 3rd St., Harrisburg, Pa. They will insure your car for as low as \$17.21 for \$5000/\$10,000 limits of liability and \$5000 limit of property damage.

"They take care of all my insurance needs and certainly give good service. They said they would do the same for you.

"Tell them I sent you."

"Cal."

possibilities become greater. Jewelry insurance costs less today than it did a few years ago. Many of the inland marine rates are based on fire rates and have followed the downward trend in that field. All hands have collaborated to make laundries and cleaning plants safer through inspection and to improve conditions in the field of insuring truckmen, contractors, yachts and other hazardous activities.

Imagination and adaptability have always been essential in the field of inland marine insurance, Mr. Daniels believes. Within a few days, he said, he had noticed at random inland marine policies covering a working model of a piece of railroad equipment during a demonstration; a set of 30 feet high grotesque balloons used in a merchandising parade; a collection of watches loaned by a museum to a national convention of watch makers; a gold cup which is a work of art won by a nationally famous race horse; a display of gold nuggets at a county fair; an expensive set of wooden patterns being sent to a foundry for casting; a marble statue being installed in a public building.

Should Study the Unusual

Mr. Daniels said it is the ability of the local agent to take care of such unusual submissions in his own locality that gets him talked about for his resourcefulness and ingenuity. Spectacular inland policies running into thousands of dollars such as the insurance on the almost priceless fine arts exhibits now being shown at the San Francisco Fair or the multi-risk insurance on the bridges that tower over San Francisco Bay can be cited to show the occasional great demands that are made on the inland marine market. However, Mr. Daniels observed it is likely that the greatest profit for the local agent in this business will continue to be in the future what it has always been in the past, a selected block of reasonably sized policies written for a goodly number of different clients, which renew year after year and which create word of mouth advertising for the agent as claims are properly handled and as insurance requirements are properly met.

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Firemen May Force Lock

The United States treasury department has informed the National Board that there is no law to prevent representatives of fire departments, summoned to a fire at an internal revenue bonded warehouse, from forcing the government lock on the outside of the building, in the absence of the storekeeper-

gauge, for the purpose of entering to extinguish the fire.

In such an emergency, the treasury department states, the proprietor of the warehouse, or his agent, would be expected to notify the storekeeper-gauge immediately, by special messenger if necessary, await his arrival at the premises and render such assistance as the storekeeper-gauge might require.

The National Board requested the treasury department for a statement as to the procedure to be adopted in cases where fires occur at bonded alcohol storage warehouses. The inquiry resulted from a report of a fire in Pennsylvania wherein it appeared that the bonded warehouse was properly locked with a government lock and that no one would assume the responsibility for opening

the warehouse to let the firemen enter, but made the firemen await the arrival of a government officer.

The statute provides that bonded warehouses shall be under the joint custody of the storekeeper-gauge and the proprietor, shall be kept securely locked, and shall at no time be unlocked or opened except in the presence of the storekeeper-gauge.

FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Big Attendance Expected at Minnesota Convention

MINNEAPOLIS—Registrations are coming in well for the annual meeting of the Minnesota Association of Insurance Agents Sept. 8-9 at Brainerd. P. H. Ware, general chairman, is preparing for the largest attendance the association ever has had at an annual meeting.

Brainerd local agents have arranged for special week end rates at two or three of the largest lake resorts in that region. John Chadbourne, Brainerd, is in charge of hotel reservations. Transportation from the Twin Cities to Brainerd has been placed in the hands of W. C. Dahl, Baker building, Minneapolis. He has prepared a list of automobile owners who are driving to Brainerd and will have room in their cars for passengers.

R. J. Faricy, president St. Paul Association of Commerce and noted for his talent as a toastmaster, will be master of ceremonies at the dinner Friday evening.

Iowa Agents Group Laying Plans for Next Year

DES MOINES—The Iowa Association of Insurance Agents, which has shown great growth and strength, will formulate a new program for the year at its annual meeting in Mason City Sept. 6-8. Under the guidance of President B. C. Hopkins membership was more than doubled since last year's convention at Sioux City. A countersignature bill adopted by the legislature is another achievement.

There has been speculation on a qualification law to follow up the countersignature act. The association also is expected further to strengthen its structure by electing an executive vice-president and four vice-presidents to be selected from four districts in the state.

H. C. Brown of Mason City is slated to move up from vice-president to succeed Mr. Hopkins and John S. Cutter of Shenandoah is virtually assured of being reelected secretary.

Urges Fire Prevention Activity

Member agencies of the Kansas Association of Insurance Agents were called upon this week in a bulletin from Secretary Wade Patton to sponsor the organization of local fire prevention committees for the observance of Fire Prevention Week. Each agent is asked to make a complete report of the campaign to Secretary Patton by Nov. 1.

Recognition is to be given to any field man who assists the local agents with their programs.

George Heads Kokomo Board

Frank George was elected president of the Kokomo (Ind.) Insurance Board at the annual meeting, succeeding H. M. Beitz. Ross Coffin of Indianapolis, president Indiana Association of Insurance Agents, was the speaker. D. T. Trobaugh is vice-president and W. E. Lightfoot is secretary. The Kokomo board now embraces 18 members. All except two of the eligible agencies are affiliated.

Takes Turk-Somerville Business

Wright & Co., Omaha, Neb., has purchased the fire, bonding and accident and health business of the former Turk-Somerville Co. Paul M. Wright, who was with the Turk-Somerville agency for six years as underwriter and in sales promotion, heads the new agency. Offices will be at 1904 Farnam street.

The Turk-Somerville casualty business firm was purchased by the Employers Mutual Casualty of Iowa, which is operating the office as a branch, with R. S. Somerville as manager.

Kansas City, Kan., Board Elects

KANSAS CITY, KAN.—Harry Smith of Hoke & Smith has been elected president of the local board here, succeeding Russell Benton of Merriam, Ellis & Benton. He had been vice-president. L. H. Wingett, Wingett agency, was elected vice-president, and Gilbert Henry of Stiles & Co. reelected secretary-treasurer.

New members of the executive committee are Louis Cohen and Mr. Smith, who was reelected. Other members are Cheney Prouty and Mr. Benton. Mr. Smith was elected delegate to the National association convention in Boston, with George McAnany as alternate.

Continue Detroit Courses

DETROIT—Continuing its educational program of the past several years, the Detroit Association of Insurance Agents will again sponsor a series of insurance courses at Wayne University night school this fall and winter. Three separate courses will be given, starting Sept. 18 and 20.

The fire insurance course, meeting Friday evenings from 7 to 9, and the general insurance course given Wednesday evenings will be taught by H. Thompson Stock of the Arthur J. Stock agency. The Wednesday evening course is a lecture course that covers in one semester all forms of insurance, including life.

Harold Reinhold, United States Fidelity & Guaranty, will again be instructor in the casualty, fidelity and surety course, held from 7 to 9 Friday evenings.

Murdock with Lawton Agency

Robert Murdock, who has been connected with the Missouri Audit Bureau, has joined the Lawton-Byrne-Bruner Agency of St. Louis as manager of the fire department. He takes the place of Walter Klein, who desired to devote his entire attention to his personal business. Mr. Klein is at present vacationing in California. Upon his return he will operate as an office producer in the agency.

Ruling on Destroying Firetraps

Attorney-general Herbert of Ohio has held to the effect that the state fire marshal has authority to order a property owner to destroy a building which has been declared a firetrap and order it done if the property owner fails to have it torn down. The fire marshal cannot, however, sign a contract to have the building demolished for the material. The only way in which the state can be reimbursed for the expense is through a tax levy on the property.

Aprill Ann Arbor President

ANN ARBOR, MICH.—Clarence Aprill has been elected president of the Ann Arbor Association of Insurance Agents. Robert Freeman, Brooks-Newton Agency, is vice-president and R. A. Bradley, McOmber Agency, reelected secretary-treasurer for his sixth year. The retiring president is Lyle Thayer of the Ashley Agency.

Handbook on Policy Approvals

LINCOLN, NEB.—Insurance Director Smrha is compiling from the statutes and rulings of the department what he calls a textbook covering the matter of policy approvals, by which standards

new policy offerings will be judged in the future. During the many years in which Mrs. Mary A. Fairchild was attached to the bureau, reliance was generally placed on her knowledge of the law and practices of the department. With the advent of H. J. Murray as chief clerk in her stead, Mr. Smrha found it advisable to make a record by which future judgment may be guided.

Cut Toledo School Cover

TOLEDO, O.—Despite protests of insurance men, the Toledo board of education has reduced the insurance on the year-old Macomber vocational high school from more than \$1,000,000 to only \$75,000—\$25,000 on building, \$25,000 on contents and \$25,000 explosion.

Cain Opens Own Agency

Weston M. Cain, vice-president of the Phoenix Insurance Agency, Ottumwa, Ia., has resigned to establish his own agency. He had been with the Phoenix agency two years and previously was Ottumwa manager of the Western Adjustment for eight years.

Calvin How Duluth President

DULUTH, MINN.—The Duluth Underwriters Association has elected Calvin F. How, president; Gilbert Buffington, vice-president, and Mrs. Ethel Anna Colman, secretary.

NEWS BRIEFS

The Insurers Association of Rochester, Minn., held its annual picnic at Whitewater park.

There will be a luncheon and breakfast for women agents and women who work in insurance offices at the convention of the Kansas Association of Insurance Agents to be held at the Hotel Jayhawk in Topeka, Oct. 18-20. Grace B. Buck, who is president of the Topeka Association of Insurance Women, and Ruth K. Major, chairman of the convention committee, will sponsor the luncheon and breakfast.

Members of the Hutchinson (Kan.) Insurance Board were guests of the Hutchinson Real Estate Board at its annual picnic.

The Ohio department has temporarily been enjoined from not renewing the license held by Lawrence Stone of Cleveland. It ordered that his license not be renewed on the ground that he confined his business mostly to his own property and that of relatives.

George Belden, president of the Minneapolis Automobile Club, has joined the Fred L. Gray Co.

Fire and water committee of the Belleville, Ill., city council has decided to prohibit the fire department from answering alarms outside of the city limits with the exception of Scott Field, United States army post, the St. Clair County Hospital and from cities and towns which have a reciprocal fire agreement with Belleville. There is a new law in Illinois which makes a city liable for damage to equipment and injuries to men engaged in fighting fires outside the city.

The annual insurance jamboree of the Rock Island Fire & Casualty Insurance Board of Rock Island, Ill., will be held at the Rock Island Arsenal Golf Club, Sept. 21. There will be a luncheon, golf and dinner. Helen M. Stombs is chairman of the committee on arrangements.

W. B. Hilliard has sold an interest in his agency at Hillsboro, O., to Henry Wilkin and his sister, Miss Blangie Wilkin. Mr. Hilliard has operated the agency 21 years and Miss Wilkin has been associated with it all that time.

C. R. Shepper has sold his agency at Sugar Creek, O., to Maurice Espenschied of New Philadelphia.

Clem Jackman, operating the C. J.

Rogers Agency of St. Paul Is Reorganized

ST. PAUL—Marcus J. Rogers, well known insurance man of St. Paul, announces the formation of the Joseph A. Rogers Co., Insurance, to conduct a general insurance business at 317 Commerce building, St. Paul.



Marcus J. Rogers

The Joseph A. Rogers Agency, Inc., with which Mr. Rogers has been associated for many years, will be discontinued under that name. It is understood that Ted C. Field, who has been a member of the Rogers agency, will open another agency under his own name.

Mark Rogers has been identified with the Rogers firm for 31 years. The company was originated by his father, the late Joseph A. Rogers, in 1884, and has been engaged continuously since that time in writing all forms of insurance.

The Joseph A. Rogers Co. will act as general agents for Royal Indemnity, and as local agents for Preferred Accident, Marine, Homeland, British & Foreign, Queen, Columbia, Pennsylvania, Fireman's Fund, Western Assurance, Employers, Sentinel, Union Fire & Marine and Sun Life of Canada.

Miss Genevieve Rogers will be associated with her brother in the Joseph A. Rogers Co., Insurance.

Mark Rogers is a brother and Genevieve Rogers a sister of Frank S. Rogers, head of the Frank S. Rogers Agency, Inc., general agents.

Marcus J. Rogers was born in St. Paul in 1889, the son of Joseph A. Rogers. He was educated at Creten. In 1908 he became associated with his father, who was one of the insurance pioneers in Minnesota, establishing the agency in 1884. Mark Rogers has been in the business continuously since 1908. He has been on the executive board of the St. Paul Insurance Exchange for several years.

Jackman agency at Beaver Dam, Wis., has taken over the business of the J. W. Daniel & Son agency, established in 1894.

J. S. McCamon has purchased the City Insurance Agency at East Palestine, O., from Charles Grove.

Dee Ridlen, who has been in the insurance business in Ames, Ia., and Des Moines, has opened an agency in Knoxville in the Marion theater building, Knoxville, Ia.

SOUTH

Closing Oil Wells Affects Business

The shutting down of all the oil wells in Oklahoma and Texas by the two state governments has had a very decided effect on business. The oil industry in Oklahoma is the largest in the state and general lines of business therefore depend on that activity. It seems that some of the large companies like the Standard Oil and Shell were able to get oil into this country from other countries and market it at a lower price than other companies could due to low labor cost. Hence the Sinclair Company cut the price 20 percent. This precipitated at once almost a panic in the oil field. The states saw that chaos would reign and that the tax money re-

ceived from oil would be greatly diminished, especially at a time when every dollar of revenue was needed.

Hence under the regulatory powers of the states all wells were ordered closed. This, therefore, has taken place in all states except Illinois where there is no regulatory legislation. It is likely that the power of the states will be challenged in the court but at the present time there is paralysis of the oil industry in the oil producing states except Illinois. Local agents are beginning to feel the pinch.

Program for Greater Good Will Planned in Atlanta

ATLANTA—Augmented plans for an intensified program of public good will, as well as better relations between company and agent, were inaugurated at the annual meeting of the Atlanta Association of Insurance Agents. The address of President R. L. Ellis, who was re-elected, as were the other officers, detailed the successful preliminary efforts of the past fiscal year for inter-business good will and public opinion. Three new members were elected during the past 12 months and a drive for additional enrollments will be pushed.

The association re-elected Vice-president Henry Morgan and Secretary-Treasurer Irwin Wootton, the latter being given a rousing vote of thanks for his executive service. Continued on the executive committee for one-year terms are Donald Bolton, Joe Harrold and Travis Johnson. S. D. Smith, J. C. Dunlap and Frank Boston were named for two year terms.

It is planned to join with and participate in programs of civic and trade organizations. Much favorable legislation was sponsored in the legislature and the Atlanta city council. Finances are in excellent condition. The meeting was followed by a dinner. "An Atlanta Agents Edition" was issued by the Atlanta "Georgian."

Work of Year Reviewed

President Ellis said probably the most important movement of the year in which the Atlanta association had a part was the Georgia insurance school. He emphasized the means the association had taken to gain more constructive publicity. He reported women employees of Atlanta agencies and company department and branch offices had become interested in forming an insurance women's organization.

Herman Haas, chairman of the committee on public business, reported association members had shared to a larger extent in city and county premiums this year than in the year before.

Secretary-treasurer Wootton's financial report showed a good balance, and the association voted a reduction of 25 percent in annual dues, at the same time allocating a larger sum than last year to the state association.

Map Another La. Insurance School for June, 1940

R. Lea McClelland, manager of the Louisiana Insurance Society, has issued a statement reviewing the successful insurance school that was sponsored by Louisiana State University in cooperation with the society.

P. H. Griffith, director of the extension division of the university, gave the agents every cooperation, Mr. McClelland said. The classroom that was assigned was in the new law school at the university and the students had rooms in the barracks at a cost of only \$1 for the two nights they were occupied. The university charged a registration fee of \$1 and the society charged \$1 for the first registrant from each agency and 50 cents for additional registrants from that same agency. The cost to the society was thus very small.

A total of 204 attended. The classes began promptly at 8:45 a.m., adjourned at 12:10 p.m., reconvened at 1:30, recessing from 5 until 7:30 p.m. The night

classes ran until 9 and 9:30. The students gave close attention throughout.

M. W. Sykes, manager of the H. R. Speed agency of Monroe, with an average for the course of 93.3 percent, won the \$10 prize which was offered by W. H. McGee & Co., through E. Dana Johnson, its Atlanta manager.

The university is presenting to all who pass the course a certificate. Steps are already being taken to hold another school in June of next year.

Send Record Cards for Fire Drills

A practice of Cravens, Dargan & Co. of Houston that gains for the organization much good will is the furnishing to school superintendents of the independent school districts in Texas a supply of record cards for keeping track of fire drills. This has been done for the past several years and the mailings are now taking place in view of the fact that the schools will soon be reopening. Together with a record card, Cravens, Dargan sends copies of the National Board folder, "Is Your School a Fire Trap?"

Cravens, Dargan sends the school superintendent one card for each of the schools under his charge. Then the superintendent orders as many more cards as he needs. Frequently a superintendent orders a card for each room or each teacher. For several years there have been very few destructive fires in schools in protected Texas towns. However, there have been a large number of losses in rural and unprotected schools, many of them brand new.

Tennessee Membership Increases

NASHVILLE.—Membership of the Tennessee Association of Insurance Agents, according to Manager John D. Saint, has increased to where it ranks 19th among state associations as compared with 23rd a year ago. Mr. Saint believes the "county exchange" is the solution to the problem of agents' organizations where there are several small towns near each other. One strong county organization may be formed instead of two or three weak ones in the same area.

Award \$5,000,000 Hospital Line

NEW ORLEANS.—With a low bid of .239 for three years, the Hartwig Moss agency has been awarded the \$5,000,000 fire insurance line on buildings and contents of the Charity Hospital in New Orleans. The premium is approximately \$12,000. The agency delivered a single policy of the Duquesne Underwriters of the National Union for the entire amount. Values are said to run in excess of \$15,000,000. The published rate on the main building is .224 for one year and on the nurses' home .079. Contents rates vary on the different buildings.

Plan to Make School Permanent

Following the successful initial session of the insurance school held last month under the auspices of the Georgia Association of Insurance Agents at University of Georgia, plans are being made to hold permanent institutes of insurance in future. The success of the school is due largely to the work of Secretary-Treasurer Irwin Wootton, who will supervise the 1940 program.

Big Cotton Loss in Dallas

DALLAS.—Dallas' most devastating fire of more than a decade destroyed more than \$250,000 of stored cotton when it swept through a large warehouse of the Farmers & Merchants Compress and Warehouse Co. Firemen saved eight adjoining warehouses containing 30,000 bales of cotton, with a total value of more than \$2,000,000.

Complete Oklahoma Oil Hearing

OKLAHOMA CITY.—The Oklahoma insurance board has completed its application filed by a committee of certain oil refiners of the state, asking that credit be given on Dubbs cracking stills

in the matter of insurance rates. The attorneys for both sides were given time to file briefs. Russell D. Hobbs, manager Western Actuarial Bureau, Chicago, was a witness for the company.

Baker With Cravens, Dargan

Bryan Baker, formerly assistant chief oil rater in the fire division of the Texas insurance department, has been appointed assistant to J. K. Ross in the oil department of Cravens, Dargan & Co. of Houston.

Williams to Seibels, Bruce & Co.

Frank M. Williams, Raleigh, N. C., has become special agent for North Carolina for Seibels, Bruce & Co., Columbia, S. C. Mr. Williams has been an engineer for the South-Eastern Underwriters Association. He succeeds Joe C. Steen, who has been transferred to South Carolina.

NEWS BRIEFS

Gaston Lanaux, for 37 years with the Liverpool & London & Globe in New Orleans until the beginning of the present year, when its local office was transferred to George S. Kausier, Ltd., is now again with that office.

M. F. Hitzfeld of the Albers & Hitzfeld agency, San Antonio, Tex., was married to Miss Madaleen Jacobs of San Antonio.

C. M. Seay, the new manager of the Mississippi Association of Insurance Agents, has now been installed at 1018 Lampton building, Jackson. His address

is P. O. Box 1136. He has begun active work in connection with the organization.

The T. A. Manning & Son general agency of Dallas is opening an Arkansas office in the Exchange building, Little Rock, in charge of C. D. Swan, Jr., who has represented Manning & Son in Arkansas since April 1.

A new building code and a modernized fire code for Chattanooga, Tenn., has passed two readings of the city council and is without opposition. It insures advancement of Chattanooga from fourth to third class.

Brice W. Draper, who has been with some of the large agencies in San Antonio as a solicitor, has been appointed manager of the insurance department of the Arthur E. Biard Company of San Antonio.

V. A. Looney, former postmaster, has bought an interest in the J. S. McLeod agency, Rogers, Ark.

H. J. Neblett, local agent at Stephenville, Tex., and Miss Gladys West, secretary to H. F. Hiegel, vice-president and agency director of the Commercial Standard, were married recently.

The agency of the late Zoe Zelman, El Paso, Tex., has been sold to Rogers & Belding.

The Jennings Insurance Agency, Tulsa, Tex., has been purchased by L. G. McDonald.

E. L. Withers, Waynesville, N. C., has purchased the Withers-Smith agency there.

The Protective Agency has been formed at Lumberton, N. C., with John L. McLean as manager.

Mrs. Everett Slayden has purchased the agency of the late C. H. Wright at Holly Springs, Miss.

PACIFIC COAST AND MOUNTAIN

Program Arranged for Montana Rally

The program is announced for the annual meeting of the Montana State Association of Insurance Agents at Butte, Sept. 8-9. The outside speakers include H. F. Gardner, production manager Commercial Union, San Francisco, on "Inland Marine and All Risk Insurance;" S. L. Carpenter, Jr., manager Pacific Board; W. H. Menn, Los Angeles, president National Association of Insurance Agents, on "Solidarity;" L. C. Boedecker, Helena, supervisor Montana state highway patrol, on "Safety;" John A. O'Rourke, Fire Companies Adjustment Bureau, Butte, "Casualty Claims."

The address of welcome the morning of Sept. 8 will be given by Mayor Hauswirth of Butte. The response will be by B. H. Jennings of Anaconda. Mr. Gardner will give his address. P. J. Driscoll of Butte will give the presidential address. Arnold Huppert of Livingston will report as secretary. S. M. West of Billings will give the Business Development report. P. J. McGreevey, Anaconda, fire prevention report; C. R. Lowery, Great Falls, life underwriters contacts; T. B. Miller, Jr., Helena, safety, and K. W. Haviland, Deer Lodge, rural agents.

R. G. Wright of Great Falls will give a report as president of the Montana Casualty Executives Association. E. E. McMahon, National councillor, will report.

The afternoon session, Sept. 8, is to be executive. E. L. Heidel of Bozeman will report for the fire contact committee; Irvine Bennett of Missoula will report for the casualty contact committee. Mr. Carpenter will give his address.

At the session the morning of Sept. 9 Mr. Menn will give his address and these regional vice-presidents will give reports: Mulford Crutchfield, Missoula; Otto M. Christinson, Glasgow; J. K. Rankin of Hardin.

Mr. Rankin will then give an address on "Local Agents Affairs." Mr. Boedecker will give his talk and election of officers will take place.

At the final afternoon session Mr. O'Rourke will give an address and then

there will be a conference of the newly elected officers and retiring executive committee. That evening will be held the dinner and dance at Meaderville.

Firemen's Body Ask for Lower Rates

GALLUP, N. M.—The Tri-State Fireman's Association at its meeting here recommended a study of the fire insurance rates on public property in New Mexico, with consideration to be given to a plan of state insurance. The members come from southwest Colorado, eastern Arizona and western New Mexico. In a resolution it was stated that similar conditions might exist in Arizona and Colorado and recommended investigation like that suggested in New Mexico, to see if rates in these two states "are deemed too high." From 1923 to 1934 inclusive, the resolution said insurance premiums paid by New Mexico and its counties, cities and school districts totaled \$1,253,628 and the losses were \$273,190 for the same period. The resolution recommended that the New Mexico legislature appoint a commission to study the experience on public property. It suggested revision of the insurance laws to give the superintendent of insurance authority over insurance rates. It also recommended further that consideration be given to a plan for state insurance covering public property.

Changes in Coast Office of Atlas

A number of advancements in the Pacific Coast department of Atlas are announced coincidental with the retirement of Secretary A. J. Penfield after nearly 50 years of service.

State Agent Richard Orlob of Los Angeles, Superintendent of Agencies Craig Owens and Superintendent of Special Risks W. F. Sanford have been appointed secretaries.

Mr. Orlob, who has been in charge of the southern California territory, has now moved to San Francisco.

Mr. Penfield went with the H. M.

Newhall Company general agency of San Francisco, representing Atlas, in 1891. He was in charge of the payment of the \$2,000,000 loss of Atlas in the San Francisco conflagration. He has occupied all of the positions in the coast office.

Mr. Orlob has been with Atlas about 20 years. He was at one time special agent at Salt Lake City and later established a general agency there representing Atlas and Albany. In 1929 he went to Los Angeles in charge of southern California.

Mr. Owens went with Springfield and National of Hartford in 1902 at San Francisco. In 1914 he went with Atlas as special agent at San Francisco and from 1920-25 covered the Pacific Northwest. Later he became superintendent of agencies at San Francisco.

Mr. Sanford went with Atlas in 1919 and the next year became superintendent of the automobile department. He was later promoted to superintendent of special risks.

Program Announced for Colorado Rally

The program for the annual meeting of the Colorado Association of Insurance Agents to be held at the Shirley-Savoy Hotel, Denver, Sept. 15-16, is announced. B. W. Crockett of Pueblo is president and Frank England, Jr., of Denver is secretary and national councillor. The program is as follows:

Friday, Sept. 15

Meeting at 1 p. m.
Minutes of previous meeting and report of secretary, Frank England, Jr., Denver.

Report of treasurer, D. U. Hampton, Colorado Springs.

President's address, Bay W. Crockett, Pueblo.

Report of committees: Publicity and education, A. P. Miller, chairman, Denver; legislative, H. D. Van Gilder, Denver; fire and accident prevention, M. R. Emrich, Denver; membership, Frank England, Jr., Denver.

Appointment of resolutions, auditing, agents' and nominating committees.

Saturday, Sept. 16

Greetings from Mountain Field Club, Sam B. McAllister, president, Denver.

Greetings from Mountain States General Agents Association, Reed Pennington, president, Denver.

Greetings from Mountain States Casualty & Surety Association, Richard Barton, Denver.

Observations on the Business, George E. Straub, secretary Home of New York.

A Message, Luke J. Kavanaugh, commission of insurance.

Greetings from American Association of Insurance General Agents, Fred R. Lanagan, president, Denver.

Service in Selling, J. R. Plummer, president Commercial Standard, Fort Worth, Tex.

A Message, Frederic Williams, secretary Rocky Mountain Fire Underwriters Association, Denver.

Greetings, W. J. Kulp, manager Mountain States Inspection Bureau, Denver.

Greetings, R. M. Hill, manager Fire Companies Adjustment Bureau, Denver.

Report of committees.

Election of officers and directors.

Installation of officers.

Special announcements.

The annual banquet will be held the evening of Sept. 15, with President Crockett presiding. There will be no speaking. Distinguished guests will be introduced and then dancing will follow.

Many Registrations Made in Educational Course

SAN FRANCISCO—Employees of fire, casualty, marine and brokerage offices here signed up for the educational program developed by the Fire Underwriters Association of the Pacific. It is anticipated total registration will be approximately 200. The fire course will be in three parts, junior, intermediate and senior, starting with the first group Sept. 12. All courses conclude in April.

The public speaking course will be conducted by Paul Nixon, and a new

course sponsored by the Pacific Board for employees of board company offices, on practical application of rating schedules, will be conducted by J. E. Foley, surveyor of District "A." Inland marine classes start Sept. 14, and wind up April 4. Those who will lecture and their subjects are: W. B. Brandt, W. B. Brandt & Co., "Historical Background of Marine Insurance and the I. M. U. A."; Jay Lewis, California-Commercial Union group, "Jewels and Furs Insurance"; M. F. Collopy, Aetna Fire, "Fine Arts Floaters"; Clough Steele, Royal, "Miscellaneous Personal Floaters"; Joe Corbett, St. Paul F. & M., "Deferred Payments and Installations Floaters"; M. F. Collopy, "Personal Property Floater"; H. R. Cleavland, Automobile of Hartford, "Bailees Customers and Furriers Customers"; Al Much, Fireman's Fund, "Jewelers Block"; Clough Steele, "Instrumentalities of Transportation and Communications"; Frank Wright, Great American, "Transportation"; Emmett Cummings, Marine Office of America, "Motor Truck Cargo"; Joe Corbett, "Miscellaneous Mercantile Floaters"; James Walsh, "Losses."

A speaker on parcel post, registered mail and armored car covers is to be selected.

George B. Gray to Open His Own Adjusting Office

George B. Gray of San Francisco, who has been staff adjuster for the Pacific Coast department of the Northwestern National in the metropolitan bay area, is retiring as of Sept. 1, on account of the company age limit rules. He is opening an office at 332 Pine street, San Francisco, as an independent adjuster. Mr. Gray is one of the older Blue Goose members having been one of the original founders at the first meeting of the Wisconsin Home Nest in 1906, the Blue Goose coming into being at the annual meeting of the Wisconsin field men at Green Lake. He was formerly vice-president and underwriting manager of the American Lloyds of Duluth. He started as a local agent at Washington, Ia., in 1886, and then was in the local business at Fond du Lac, Wis. He entered field work in 1900 for the Continental in Missouri, later becoming its state agent in Wisconsin. He served subsequently the State of Pennsylvania, Commercial Union and the Atlas in Wisconsin and Minnesota. He was active in field club and fire prevention association work in Wisconsin and Minnesota.

Expect Thorough Investigation

SAN FRANCISCO—A number of San Francisco brokerage firms have had their first experience with investigators from the California insurance division. Most of those called upon were the larger brokerage firms and individual offices. It is expected the investigators will check practically all agents' and brokers' licenses and qualifications. There is belief that a large number of so-called subterfuge brokers and agents will be forced out of business and part-timers also may be forced to surrender their licenses. The investigation includes checking of books to determine whether there has been any rebating, coercion, self-insurance or other methods prohibited by law. One of the first checks is to see if the state license is prominently displayed and if the licensee maintains an adequate office for a general insurance business.

May Accept "Trading Credits"

Attorney-general Warren of California has ruled that insurance agents may accept so-called "trading credits" in payment of premiums, providing the proper cash remittance was sent to the insurer by the agent.

FCAB Coast Changes

The Fire Companies Adjustment Bureau has opened an additional service office at Salinas, Cal., with C. E. Cooper as resident adjuster in charge. He has

been with the organization since 1935 as branch manager and superintendent of the San Jose, Cal., office. F. W. Cleary of the Oakland office is being transferred to San Jose as branch superintendent, associated with Manager W. B. Benson. R. E. Hanley, formerly in the independent adjustment business in Oakland, will be associated with the Oakland office.

Washington Committees to Confer

SEATTLE, WASH.—The contact committee of the Insurance Agents League of Washington will confer with Washington advisory committee in Seattle Sept. 12. On the committee are O. D. Starr, Seattle, chairman; W. E. Miller, Yakima; and G. B. Guyles, Tacoma.

San Francisco Telephone Book

The "Underwriters Report," 405 Sansome street, San Francisco, has issued the semi-annual San Francisco-East Bay Insurance Telephone Directory. Over 3,000 agents and brokers are listed. The "Underwriters Report" pioneered publication of insurance directories in Pacific Coast territory. In addition to the San Francisco directory, it also issues a telephone directory of Los Angeles.

Traffic Association Loses License

WENATCHEE, WASH.—The Insurance Agents League of Washington was successful in its fight to have the license of Wenatchee Valley Traffic Association revoked. B. L. Baker, secretary of the association, had been licensed by Northwestern Mutual Fire and Northwest Casualty.

The Washington league complained that the insurance setup constituted a violation of the anti-rebate section of the insurance code, as industrial members of the association indirectly received commissions on their own business.

NEWS BRIEFS

The Pacific Board has removed the 10 percent increase in fire rates imposed Sept. 1, 1938, on San Bernardino, Cal., because it did not maintain adequate fire fighting apparatus. The city council has furnished satisfactory assurances to the board that the fire fighting facilities will be increased.

Keith Fisk of Groninger & Co., general agency has been elected vice-president of the Seattle Blanket Club.

The Walla Walla (Wash.) Insurance Agents Association has elected Austin Roberts of Sherwood & Roberts, president; C. C. Conner, vice-president, and Gerwyn Jones reelected secretary-treasurer.

EAST

List Pennsylvania Agents' Speakers

HARRISBURG, PA.—The complete program for the annual convention of the Pennsylvania Association of Insurance Agents at Galen Hall, Wernersville, Pa., Sept. 13-15, has been announced.

Secretary Frank D. Moses said an attendance at least equal to the record-breaking crowd at last year's convention is expected.

The program follows:

Wednesday, Sept. 13

Executive session of association for members only, President Harry M. Albert, Stroudsburg, presiding.

Joint meeting of directors and general membership.

Explanation of proposed Pittsburgh agreement between companies and agents, A. W. Pardew, vice-president Pittsburgh Association of Insurance Agents.

Membership development, Frank D.

Moses, secretary Pennsylvania association.

Report of conference committee on negotiations with the companies concerning improvement in conditions and agents compensation in ordinary territory, W. Ray Thomas, chairman.

Local board activities.

Open forum for discussion of any subjects of interest to the members.

Wednesday Afternoon

Golf tournament, other sports and recreation.

Thursday, Sept. 14

Opening of general convention. Call to order by Vice-president W. R. Roberts, Bethlehem.

Singing, America.

Address of welcome, H. C. Aulenbach, vice-president Reading Insurance Exchange, Pittsburgh.

Response, W. Ray Thomas, vice-president Pennsylvania association.

Annual address and report of administration, President Harry M. Albert.

"The Middleman-Revised Version," Sidney O. Smith, Gainesville, Ga., chairman executive committee National Association of Insurance Agents.

"Geared for Production," N. B. McCulloch, manager production department Globe Indemnity.

"Streamlining the Insurance Business," Roy A. Duffus, Rochester, N. Y., member of committee on publicity and education National association.

Thursday Afternoon

Golf tournament, other sports and recreation.

Evening, annual banquet.

Master of ceremonies, President Albert.

Introduction of guests.

Remarks, M. H. Taggart, Pennsylvania commissioner.

Presentation of prizes.

Entertainment and dancing.

Friday, Sept. 15

Continued discussion from floor of previous session.

"The Retrospective Rating Plan," J. W. Randall, vice-president Travelers.

"Reciprocals in the Courts," A. S. Arnold, Philadelphia, general counsel Pennsylvania Association of Insurance Agents.

"The Opportunity for Insurance Agents in Bank Financing of Automobiles," L. R. Finn, automobile loan department Marine National Bank, Erie, Pa.

Unfinished business.

New business.

Report of committee on resolutions.

Election of officers.

CANADIAN

Appointees to Concentrate on Specific Lines

TORONTO—The Canadian General and Toronto General in a campaign to increase production have made several appointments of men who will concentrate on specific classes of business. This new policy is being tried only in Ontario.

D. L. Laidlaw, formerly assistant manager for Ontario and Toronto inspector, has been appointed assistant fire manager and will concentrate entirely on fire production. A. J. Beattie, formerly an inspector, will confine his attention as assistant Ontario casualty manager to that class of business. G. E. Aubrey, formerly inspector for eastern Ontario, is now inspector for greater Toronto. W. A. Horne, formerly head of the inland marine department, will become his assistant.

W. W. Benson of Toronto has retired as chief city inspector of the Toronto mercantile rating department of the Canadian Underwriters Association. He has served the association for 26 years.

MARINE

See Property Floater Market Exhausted in Some Spots

Marine specialists remark that in a good many of the smaller and medium sized towns and cities, the possibilities for sale of the personal property floater have been almost exhausted. The number of persons, with enough property to qualify for the coverage, is limited in all except the larger cities and if the agents in those places have been active in selling the personal property floater, they have by now just about covered the field.

With the appetites of agents whetted and with the public apprised of the advantages of this all-risk package, some are wondering whether the pressure will not become greater to have the minimum premium reduced, so that the contract may be offered to a new stratum of householders. Some of the non-board companies have been experimenting with forms of personal property floater with lower minimum premium for some time. Some of these contracts are less liberal than the regular personal property floater and the perils insured against are specified.

Summer Slump Especially Hard on Marine Lines

One of the interesting facts about marine insurance is that its sale seems to fall off more decidedly in the summer months, especially in August, than do the regular fire lines. The explanation may be that marine insurance is comparable to life insurance, in that these are lines that must be actively solicited. During August, business activ-

ity is at its lowest point. Agents are not making the effort to sell the all-risk lines that they do in the more active months and many of the marine special agents are vacationing or are not traveling.

Shell Is Dallas Special Agent

The Marine Office of America has appointed John O. Shell special agent for Dallas, Tex., and vicinity, succeeding Victor Huvelle, transferred to Houston. Mr. Shell formerly was in the home office of the Marine Office in New York and before that was with Appleton & Cox.

Will Limit Its Activities

The St. Louis Fire & Marine has limited its activities in the inland marine field to bring about some desired changes. It is not its intention, however, to withdraw this service from its agency plant.

Ready to Start in Three States

Mid-America of Detroit, the automobile insurer being organized by C. M. Verbiest, will commence operations immediately in Michigan, Ohio and Illinois, Mr. Verbiest announces.

Caverly Takes Glance Backward

(CONTINUED FROM PAGE 16)

a teams policy on a risk in Milwaukee. When automobiles came into existence some of the American companies were quick to sense the possibility in writing coverage. The first policy of automobile liability was written by the Travelers for a doctor in Buffalo. In 1898 there were manufactured in this country only 200 automobiles. Some companies were enthusiastic about the possibilities of the development of automobile coverage while others took quite the contrary view. The then president of the Fidelity & Casualty, G. F. Stewart, was in the latter class. There was a wide divergence of opinion as to the basis in respect to limits on which automobile insurance was written.

Steam boiler insurance was imported into this country from England and had its beginning with the founding of the Hartford Steam Boiler in 1868. Plate glass insurance originated with the organization of the United States Plate Glass in 1867.

Workmen's compensation insurance originated with the passage of compensation laws in various states. The first effective law came into existence in Wisconsin in 1911. All of the large American companies and many new ones which came into existence just about that time sensed great possibilities for premium volume for this type of coverage.

Surety Bonds

The writing of all types of surety bonds forms an important part of the business of most companies. Corporate surety was practically unknown prior to 1885. The Fidelity & Casualty had written a few types of surety bonds but later discontinued doing so. Surety bonds were generally speaking considered too hazardous for corporations to undertake. The American Surety came into existence in 1884 and was the first company to engage in the business on a broad scale. The Fidelity & Deposit started in 1890. Corporate bonds were not then acceptable to the federal and state governments. Edwin Warfield, president of the F. & D. was largely responsible for persuading Congress to recognize corporate suretyship. John R. Bland of Baltimore, in January, 1896, conceived the idea of organizing a company for the purpose of bonding selected attorneys and thus came into existence the U. S. Fidelity & Guaranty together with its well known list of bonded attorneys.

By 1900 the combined premium income of the 12 companies writing fidelity and surety did not exceed \$5,000,000. At the end of 1938 there were 82 surety

companies with a premium income of bonding lines close to \$100,000,000.

Mr. Caverly referred to the conservatism of the pioneers of the fidelity insurance business. This was particularly in contrast with the broad and almost unlimited coverages which bonding companies are today offering, particularly in blanket bonds. Mr. Caverly called attention to the fact that in 1890, the year in which he was born, there were only 11 companies writing one or more casualty and bonding lines doing business in New York. The total premiums for all lines and for these companies was \$7,421,586. In 1900, when the Travelers was 36 years old and the F. & C. had been in business for 24 years there were 31 casualty and bonding companies licensed in New York with total premiums of \$22,386,545. The F. & C.'s premiums amounted to \$3,572,502 and the Travelers \$3,455,092, exclusive of life insurance. Last year there were engaged in business 212 stock, mutual and reciprocal companies, eliminating the purely local companies and the premium income exceeded \$1,000,000,000.

Individualists in Those Days

Mr. Caverly said that it had always been a matter of great interest to him that this business was developed in so short a period of time and that there are men still actively at work in some of the older companies who have been there from the origin of many of the lines now written. He said that it is a singular fact that almost everyone of the successful companies of today was at one time or other in the early days dominated by some outstanding and able executive. He referred to Mr. Batterson and Sylvester Dunham of the Travelers, Morgan G. Bulkley of the Aetna Casualty, John T. Stone, Maryland Casualty, Edwin Warfield of the Fidelity & Deposit, Samuel Appleton of the Employers Liability, Jno. R. Bland of the U. S. Fidelity & Guaranty, G. F. Stewart of the Fidelity & Casualty, J. H. Thom of the Standard Accident, R. J. Sullivan of the Travelers, E. S. Lott of the U. S. Casualty, A. Duncan Reid of the Globe Indemnity, etc. These men, he said, were all individualists of the first order. It was their bearing, though tempered by sound judgment, their conservatism, though illuminated with vision that launched and steered on uncharted seas the ventures that formed the foundation of the casualty and bonding business of today, he said. The day of the individualist, he said, is passed. This is not due to dearth of men but to the complexities and giant structure of the individual companies. One great fact stands out in bold relief, Mr. Caverly said, in any study made of the casualty and bonding business, and that is, that in the main it has been true to the trust and confidence that the public has placed into it. The great companies have weathered wars and panics. They have always endeavored to be honest, just and fair, not only to their premium payers but to the humblest claimant. Their record down through the years, he added, speaks for itself in this respect.

General Agents' President Comments on Some Issues

(CONTINUED FROM PAGE 3)

small. However, where it is large 5 percent would be about right. He suggested a graded scale on premiums; up to and including \$50, 5 percent; the next additional \$100, 4 percent, etc., until the minimum of 2 1/2 percent is reached.

He said that the organization companies are the stabilizers of the business and prevent chaotic and destructive competitive forays. The others contribute little or nothing to the general welfare, he maintained. Mr. Lanagan claims that if the problems are to be solved satisfactorily the solution will come only through the organized agents, general agents and companies working together.

Group Sessions at National Meeting

(CONTINUED FROM PAGE 3)

50,000 and 250,000, will be devoted to surveys, potentiality of a new market in homes, educational programs on the use of the insurance statement form and fact finder for credit group contacts, and the local board and its operations via trade group conventions in home cities.

Although their programs have not been completed, W. C. Thornton of Fond du Lac, Wis., will go thoroughly into the formation of county boards at the meeting of Group 1. M. W. Boedeker of Louisville will take up public relations, Lloyds and credit men's associations at the Group 3 session.

Agency Management

All programs have also been completed covering the group sessions on agency management and operation. Group 1, for agents producing up to \$100,000 in annual premiums, over which H. D. Holmes of Summit, N. J., president of the New Jersey association, will preside, will take up advertising, servicing of compensation lines, agency methods of accounting, education of employees and how it profits the agency and planned production.

Group 2, for agents producing from \$100,000 to \$300,000 in annual premiums, will have as its topics advertising, office management, solicitors and advisory services—analyses and surveys. John W. Carswell of Savannah, president of the Georgia association, will preside at this session.

The Group 3 meeting, for agents producing over \$300,000 in annual premiums, and led by L. C. Hilgemann of Milwaukee, will also have the subject of advertising on its program. Other topics in this group will be methods used in handling nation-wide accounts, meeting mutual competition, engineering service and surplus lines.

Neslen Meets with New England, Southern Members

(CONTINUED FROM PAGE 3)

ure is progressing satisfactorily.

Mr. Neslen, after attending the conference, went to Hartford with Mr. Blackall.

Jess G. Read, secretary, returned Monday from Memphis, where he met with Mr. Neslen and other southern representatives of the organization. Others attending the Memphis meeting were John Sharp Williams, Mississippi, chairman of the executive committee; James M. McCormack, Tennessee; M. J. Harrison, Arkansas; Frank N. Julian, Alabama, past president, and Ray B. Lucas of Missouri.

McElroy Named Secretary and Treasurer in Ohio

COLUMBUS, O.—Austin McElroy, prominent agent here and past president Ohio Association of Insurance Agents, was elected secretary treasurer of the association at a meeting of the board. P. R. Gingham, former state senator and Columbus attorney, who is association general counsel and has been acting secretary since Secretary J. A. Lloyd left to become insurance superintendent, declined election as secretary-treasurer, pleading that his general law practice required his attention.

Mr. McElroy will serve without compensation. He has been a member of the board since 1933 and prior to that for one term was a member of the executive committee of the old association. He is national councillor and chairman conference committee with companies.

William and Harold Gottsacker have formed the Gottsacker Insurance Agency in Sheboygan, Wis., representing the Travelers group.

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Utah Agents Hold Annual Gathering

(CONTINUED FROM PAGE 2)

good cooperation by agents and companies.

H. O. Snow, chairman legislation committee, told of bills and amendments introduced the last session of the legislature. The association, he said, made little progress in new legislation but was able to stave off some bad bills introduced by more radical members of both houses. The annual reports of the president and secretary-treasurer were read.

Wayne C. Meek, Seattle, National Association of Insurance Agents executive committeeman, spoke on "Our Patriotic Duty." He said companies and agents have the same responsibilities to the insuring public. The institution can be broken down only through lack of confidence. It is up to agents to make sure this confidence is not destroyed by unfair methods. All insurance must work in harmony, he said, and pull together.

"We make no gains, either for the companies we represent, or ourselves, when we take a piece of business away from a fellow agent by some smart trick, or sharp practice," Mr. Meek said. "By so doing we are simply tearing down the great American system, which has taken years of time and lots of money to build and bring to its present stage of perfection." Luncheon was under the direction of the Salt Lake Fire Underwriters Association and the Insurance Women's organization.

Remainder of Program

In the afternoon, congratulatory messages were read from W. H. Menn, Los Angeles, National association president, and M. J. Tobin, mayor of Boston. Brief reports of local associations were given by J. A. Rogers, Salt Lake; E. H. Ford, Ogden; Edwin Stein, Provo. Reports of the Utah committee and national councillor were made by F. A. Moreton, Salt Lake, and C. C. Eubank, Ogden, respectively. Brief impromptu talks were made by H. P. North, San Francisco, Pacific Business Development office, and R. L. Countryman, member Pacific Board. Mr. North explained the difference between stock and mutual companies, and so-called reciprocals, and told the agents how they should meet competition.

"You representatives of stock companies are selling a far better product, and it's worth a better price," he said.

Joy Lichtenstein, San Francisco, vice-president Hartford, spoke on "Some Trends in the Business." Trends, he said, apply only in retrospect and the visualizing of them. He believed there should be provided some means of educating those engaged in the insurance business. Insofar as the people are concerned they care only for insurance in comprehensive forms. He said the federal social security act would make people insurance-minded, just as war risk insurance did for life companies in 1917.

"We should not feel downhearted about this grand business of ours," he said, "but should strive to make it better in every way through such organizations as you have here in Utah." R. H. Stebbins, Denver, pinch hit for his brother, Herbert Cobb Stebbins, who was unable to be present, by reading a paper on "Facts—Not Theories."

J. H. Roberts, secretary district F Pacific Board, and manager Utah Insurance Audit Bureau, was the concluding speaker. He declared the fire situation in Utah was better than for years. The audit bureau plan, he said, was in operation in a number of states, under the supervision of the Southeastern Underwriters Association, and was working out well in that territory, as well as in Utah, Montana and Nevada.

A dinner-dance wound up the convention.

Premium Writings for First Six Months Given

(CONTINUED FROM PAGE 23)

had premiums \$2,037,000, as compared with \$2,199,000, the total last year being \$3,720,000. Its loss ratio was 60.5 and expense ratio 41.1, as compared with 53.1 and 39.

The Maryland Casualty premiums were \$13,377,000, as compared with \$13,-

795,000, the total last year being \$26,265,000. Its loss ratio was 59.9 and expense ratio 41, as compared with 57.1 and 40.

The Massachusetts Bonding premiums were \$8,677,000, as compared with \$8,812,000, the total last year being \$14,779,000. Its loss ratio was 53.7 and expense ratio 37.3, as compared with 57.3 and 35.3.

The Ocean's premiums were \$3,997,000, as compared with \$5,096,000, the total last year being \$9,152,000. Its loss ra-

tio was 47.8 and expense ratio 42.3, as compared with 41.2 and 40.5.

The Royal Indemnity premiums were \$7,916,000, as compared with \$8,264,000, the total last year being \$13,381,000. Its loss ratio was 43 and expense ratio 39.2, as compared with 41.3 and 36.6.

The Standard Accident premiums were \$8,210,000, as compared with \$7,806,000. Its loss ratio was 45.1 and expense ratio 42.6, as compared with 46.9 and 40.3.

The U. S. Casualty premiums were

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\$3,281,000, as compared with \$3,235,000, the total last year being \$6,223,000. Its loss ratio was 55.6 and expense ratio 38.2, as compared with 62.3 and 36.9.

The U. S. Guarantee premiums were \$2,978,000, as compared with \$3,006,000, the total last year being \$5,463,000. Its loss ratio was 32.3 and expense ratio 42.7, as compared with 41.9 and 41.9.

The Associated Indemnity of San Francisco had premiums \$2,031,000, as compared with \$2,019,000, the total last year being \$4,038,000. Its loss ratio was 59 and expense ratio 31.3, as compared with 59.7 and 30.

The Central Surety of Kansas City had \$2,170,000, as compared with \$2,151,000, its total last year being \$4,144,000. Its loss ratio was 56.5 and expense ratio 36.3, as compared with 52.9 and 36.3.

Firemans Fund Record

The Fireman's Fund Indemnity had \$2,899,000, as compared with \$2,994,000, the total being \$5,685,000. Its loss ratio was 56.4 and expense ratio 43.2, as compared with 52.5 and 40.9.

The American Casualty had premiums \$2,302,000, as compared with \$2,007,000, its premiums last year being \$3,526,000. Its loss ratio was 59 and expense ratio 33.7, as compared with 60 and 31.9.

The Fidelity & Casualty had \$13,052,000, as compared with \$14,326,000, the loss ratio being 45 and expense ratio 44.9, as compared with 48.6 and 41.9.

The National Surety had \$5,119,000 premiums, as compared with \$4,895,000, its total last year being \$9,351,000. Its loss ratio was 29.8 and expense ratio 53.4, as compared with 27 and 53.1.

Pink Says Definite Action Needed in Automobile Field

(CONTINUED FROM PAGE 15)

dent file evidence of financial responsibility as to future accidents. It is urged in behalf of this plan that by compelling all motorists who are not insured to pay an additional fee, a great many will elect to insure and secure complete protection.

Superintendent Pink said that while the brokers' plan is a step in the right direction and will provide at least some compensation for those who are injured where an automobilist is not responsible or insured, it is not a complete or an adequate solution to the problem.

Compensation Plan

The next he designated as the "Compensation Plan." This is a method which makes an automobile accident comparable to workmen's compensation. The idea is to compensate those who suffer injury. Sponsors of this plan hold that compulsory insurance is not the answer because there is no assurance of recovery from negligence on the part of the driver in absence of contributory negligence on the part of the claimant is proven. Such a plan would, Mr. Pink said, be unpopular with the legal profession or it would seriously affect litigation under the law of negligence. It is also possible, he thinks that the insurance industry would oppose the plan because it alters the accepted plan of automobile insurance. There is always a fear of the establishment of a state insurance fund. Mr. Pink opined that the constitutionality of such a measure is extremely doubtful. Opponents of the plan point out that in workmen's compensation the relationship between employer and employee is one of contract and that the absence of such a relationship makes it impossible to justify the precedent. Without the relationship of employer and employee persons within the same class would be claiming against each other and investigation and medical and surgical attention would be retarded, the opponents say.

The final objection would be the cost. It would be considerably more. The

present demand is for the constant reduction of cost of automobile protection. No one knows what the compensation plan would cost.

Massachusetts Plan

Mr. Pink then referred to the third method which he designates the "Massachusetts Plan." This is the compulsory automobile insurance act. It went into effect Jan. 1, 1927. He stated it seems strange to the public that insurance companies which apparently would be the chief beneficiaries do not advocate or want compulsory insurance. It is the administration of the rating feature which has proved most objectionable. Rates are promulgated by the insurance superintendent in Massachusetts. This brings politics into rate making. Another criticism is interference with company underwriting. A state board is empowered to compel the acceptance of risks. No one could have anticipated, he said, the rise of irresponsible mutual carriers which were content to accept risks unacceptable to the many sound mutual and stock companies authorized. These irresponsible companies, he said, were organized by promoters and they "milked" them.

Situation is Improving

The situation in Massachusetts, however, Mr. Pink declares, is gradually improving. Changes have been made, faults remedied and there is better co-operation. Rates are more equitable. The public, he says, is apparently in favor of the law. It was the opinion of many of those who are familiar with the problem that the approach toward meeting the growing public interest in New York state for more vigorous laws for the protection of the public from the irresponsible driver may be along the line of the Massachusetts plan, he added. In New York, he said, there has been no political interference of proper rating and it is essential that the state continue this important function on the basis of experience and facts.

He is inclined to believe that the companies have made too much of the objection that they are not permitted to do their own underwriting. In a large percentage of cases the officials, he continued, had not required the companies to insure those regarded as undesirable prospects. One way of meeting the problem, Mr. Pink suggested, might be to permit the companies to charge additional rates on risks deemed hazardous. No person has an inherent right to operate such a dangerous vehicle, free from regulation and control.

Mr. Pink said that the various plans which have been discussed were all based on the assumption that the car should be insured rather than the driver. It would be difficult, he declared, to change as the rating practices are built upon the insurance of the car. Some change in the law of negligence placing liability on the car owner would probably be necessary, he claimed. Much may be said from the theoretical standpoint in favor of insuring the man at the wheel rather than the car which is inert. Serious consideration, he added, should be given to this problem. In the New York department, he said, the officials are not dogmatic. They are studying the problem and trying to make up their minds what is best to recommend.

Explains Changes Noted in the Casualty Field

(CONTINUED FROM PAGE 15)

observers, he said, have told him that so far the withdrawal of certain members from the Towner Rating Bureau has not affected their business at all.

Mr. Campbell referred to a history of one of the leading fire companies that he has been studying, which started in 1810. It has grown from nothing until it now has assets of over \$100,000,000. Reading the minutes of the directors he said one can readily picture how the business, as people know it now, has developed. He expressed the wish that books of that sort were more easily avail-

New Rules May Make U. S. Courts Less Popular

The new federal rules of civil procedure, effective in the United States courts this year, will have a most important effect on the handling of liability cases by insurance companies. In *Kulich vs. Murray et al*, the United States district court in New York, for the second time this year, has ordered an insurance company to disclose, before trial, the information in its possession on vital points in a case which it was defending. In the *Kulich* case, suit was brought against MacFadden Publications, insured by the Zurich. An order was obtained by the plaintiff, requiring the Zurich claims manager to reveal, in a deposition before trial, the information possessed by the claim department on the vital point of whether the car involved in the accident was really being operated in the business of MacFadden Publications or not. The order was bitterly resisted. It was claimed that the information in the possession of the Zurich was privileged, like information in possession of the defendant's lawyer.

Information Not Privileged

In overruling this contention the court said: "I do not regard this examination as an invasion of the private papers of an attorney for the defendant. The person sought to be examined here is the insurance company or a representative thereof, concerning generally an investigation made by the insurance company, not by an attorney for the defendant herein. . . . It is apparent from the papers that the examination is asked for in good faith and is not intended to annoy or harass, but aimed for the purpose of obtaining information and discovery as to one of the most important issues in the case; to wit, the connection between the defendant, John Murray, and the defendant MacFadden Publications, and bearing upon the question as to whether the automobile of the defendant John Murray, at the time of the collision, was being used in and about the business of the defendant MacFadden Publications."

If casualty companies must disclose to claimants the information gathered by their investigators, the federal courts will not be popular.

able to all because from them all can learn that while forms change, the basic principles hold good and there are no major short cuts to continued successful operation. He declared that those in the business face an era of change in the casualty field. He said, "to meet this change we will have to be well equipped to keep up with events. For a long ride a sound horse is necessary. For a long casualty ride, sound knowledge, sound forms, sound companies, likewise seem to be indicated."

Printer First Prospect Secured

In developing the Millers National's survey plan its effectiveness was early demonstrated. When Earle E. Vogt, advertising manager, was explaining to the printer the arrangement of the fact finder card, the printer interrupted and started asking questions about his own insurance. It developed that his valuations had increased and he needed more coverage. Mr. Vogt turned the information over to a broker and the printer's values were brought up to date.

Several weeks later the printer had a small press fire, incurring about a \$100 loss. If Mr. Vogt hadn't called his attention to the need for checking up on his insurance, he would have lost about \$40.

One of the main advantages in using the fact finder is that it gets the assured interested in the forms of coverage he does not have and makes him want to check up on whether his present coverage is adequate.

Massachusetts Accident Is Now in Rehabilitation

(CONTINUED FROM PAGE 18)

Columbia, Ohio, Michigan, Indiana and Illinois.

The Massachusetts Accident was founded in 1883 as a mutual by George W. McNeil and became a stock company in 1908. G. Leonard McNeil succeeded his father as president. It is now headed by Chester W. McNeil, of the third generation of McNeils, while the fourth generation is represented by Walter L. McNeil, secretary, and Clifton W. McNeil as assistant secretary.

It has \$125,000 capital and surplus of \$119,253 as of Dec. 31, 1938. It showed at that time claim reserves of \$850,011 and special non-cancellable reserve \$607,315. Its net premium income in 1938 was \$1,177,000.

National Board Booklet on Foretelling Conflagrations

The frequent result of failure to heed recommendations made by engineers of the National Board was again illustrated by a disaster this year in a mid-western city, bearing out the conflagration danger previously pointed out.

The National Board's 1931 survey, again emphasized in 1936, stated: "A fire in any one of the large area buildings could readily assume conflagration proportions and, under adverse conditions, involve the greater portion of the block." The recent conflagration involved a number of prominent concerns and caused a loss estimated at \$750,000.

This fire is the subject of "Foretelling Conflagrations" the latest bulletin issued by the committee on fire prevention and engineering standards.

Coinciding with the issuance of this bulletin, the Chinatown fire in New York City lent emphasis to the need in every community of protecting or rebuilding bad blocks as indicated by National Board surveys.

New York City has a splendid fire department, an excellent city-water supply and an efficient fire alarm system that in this case helped prevent a widespread conflagration, but nevertheless Mayor LaGuardia, after racing to the fire in a radio patrol car was quoted as saying that Chinatown must come down—that some day the entire area would have to be rebuilt.

Allstate Fights Newbauer Ruling

Allstate of Chicago is challenging in the courts the validity of a ruling by Commissioner Newbauer of Indiana which provided among other things for a uniform minimum rate to be charged by all companies writing automobile liability insurance in Indiana.

The complaint filed in the Marion county circuit court at Indianapolis, alleges Allstate has been writing the coverage for many years at rates less than the minimum prescribed by the ruling and has made an underwriting profit of 8.6 percent on Indiana business.

A similar complaint was dismissed by the federal court for lack of jurisdiction.

Consider California Bar Report

LOS ANGELES—The Casualty Insurance Adjusters Association of Southern California took up for consideration at its meeting the report of the California state bar committee on adjusters. Association members who are attorneys will be out in force at the State Bar annual convention in Del Monte Sept. 7-9, to help combat any attempt to put over a radical program that would not meet with the approval of the insurance interests.

Banish Old Man Hard Luck on Hoodoo Day by selling accident policies. Send 10 cents for campaign plans to A&H Review, 175 W. Jackson Blvd., Chicago.

So I'm a **TOUGH** Prospect



Why are so many insurance agents "women-haters"? Do automobile salesmen, architects, or furniture dealers overlook women when it comes to making sales? *Absolutely no!* Women hold the purse strings for the home — buy practically everything that goes into it. They're good-paying prospects for all it takes to make a happy home—*excellent prospects for insurance.*



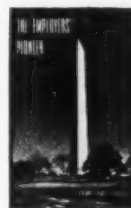
What women want

Thousands of women — seeing Employers' Group national advertising—send for our booklet "Insurance for the Home". They seek complete information on all policies; on the value of agency service; on all phases of insurance.

This is the way they buy insurance. Women welcome advice. They give time to the agent. They keep accurate inventories and have complete analyses made of their needs. And they buy, not only the usual fire and furniture policies, but also burglary, liability, comprehensive, personal floater, and all the other household coverages that Employers' Group companies conveniently give in one complete home protection plan.

Are you getting your share of this business?

If you want to increase your sales, write for a free copy of the current issue of our magazine, "The Employers' Pioneer". It's filled with sales-producing ideas—shows how to capitalize on the Employers' Group national advertising that reaches 1,500,000 prospects every month. Write to The Publicity Dept.



The EMPLOYERS' GROUP

110 MILK STREET, BOSTON, MASSACHUSETTS



THE HOME

INSURANCE COMPANY

NEW YORK



STATEMENT—JUNE 30, 1939

FIRE

AUTOMOBILE

MARINE

and Allied Lines

of Insurance

ADMITTED ASSETS

Cash in Banks and Trust Companies	\$ 11,912,716.52
United States Government Bonds	10,613,871.00
All other Bonds and Stocks	79,255,824.00
Premiums uncollected, less than 90 days due	9,318,885.22
Accrued Interest	204,759.00
Other Assets	1,563,697.41
	<hr/>
	\$112,869,753.15

LIABILITIES

Capital Stock	\$ 15,000,000.00
Reserve for Unearned Premiums	46,616,806.00
Reserve for Losses	4,632,412.00
Reserve for Taxes and Accounts	1,997,695.41
Funds Held under Reinsurance Treaties	61,510.00
NET SURPLUS	44,561,329.74
	<hr/>
	\$112,869,753.15

NOTE: In accordance with Insurance Department requirements—Bonds are valued on amortized basis. Insurance stocks of affiliated companies are carried on basis of pro-rata share of Capital and Surplus. All other securities at Market valuations.

Securities carried at \$3,100,267.00 and cash \$50,000.00 in the above Statement are deposited as required by various regulatory authorities.

Strength «» Reputation «» Service
